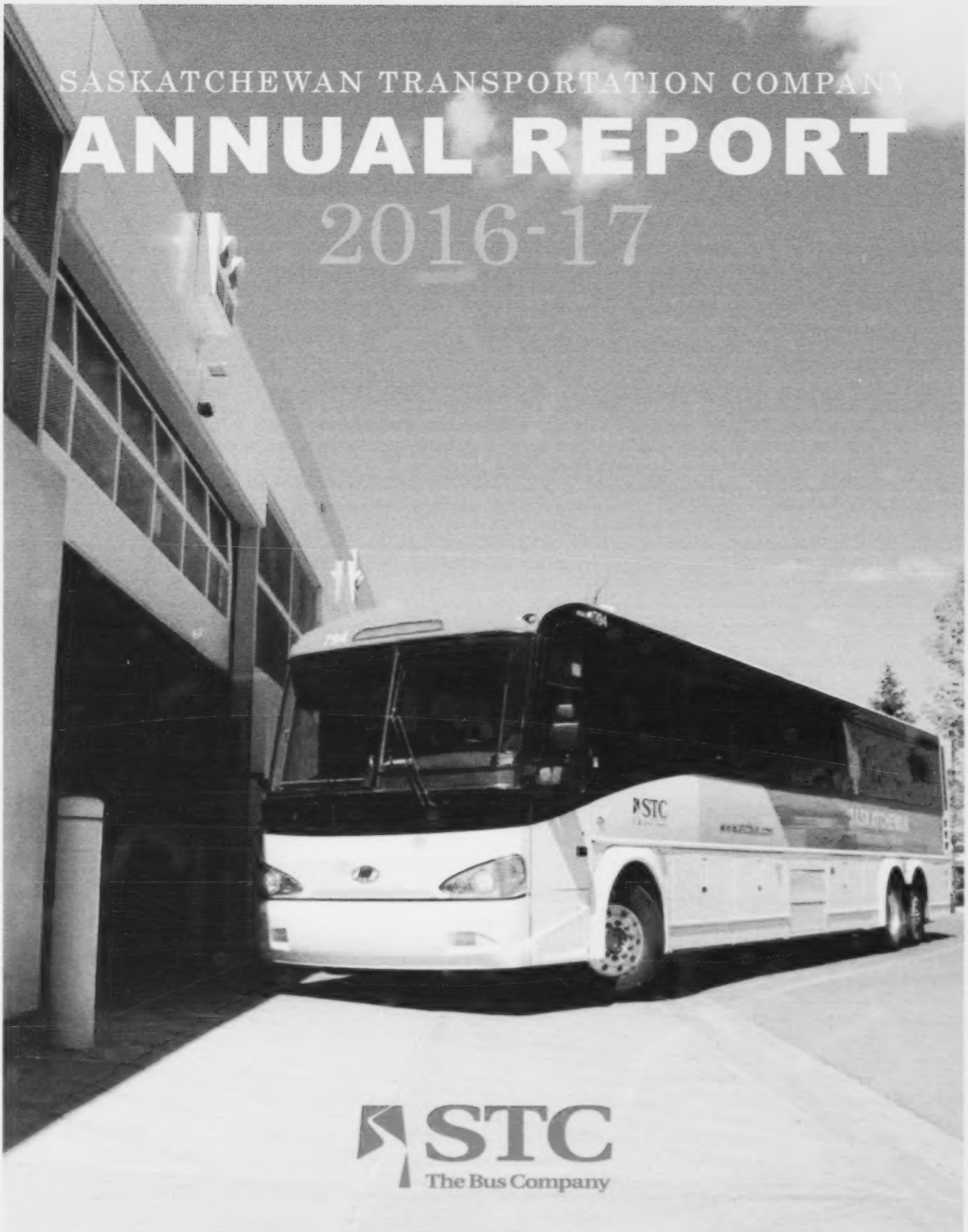

SASKATCHEWAN TRANSPORTATION COMPANY
ANNUAL REPORT
2016-17
STC
STC
The Bus Company

CORPORATE MANDATE

The Saskatchewan Transportation Company (STC) is a provincial coach company which provides safe, affordable, and accessible bus passenger and freight services to Saskatchewan.

CORPORATE PROFILE

MISSION

To provide value to Saskatchewan residents with convenient, affordable, safe, clean, comfortable, courteous, environmentally friendly, and reliable passenger and freight transportation services.

VISION

To be the best passenger and freight transportation company in Canada.

VALUES

All business activities are conducted in a manner that is:

- Honest
- Dependable
- Innovative
- Respectful
- Socially and environmentally responsible

TABLE OF CONTENTS

Letter of Transmittal 4
Message from the Minister 5
Message from the Chair 6
Message from the President 7
A Year in Review 2016-17 8
Management Discussion & Analysis 14
Balanced Scorecard 24
Financial Statements 28
Ensuring Corporate Governance 44
Corporate Directory 64

CUSTOMER SATISFACTION has always been at the core of STC's activities.

95% of passengers and 95% of parcel express customers agree.

STC

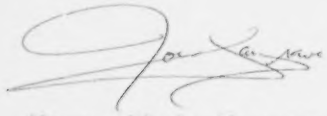
LETTER OF TRANSMITTAL

Regina, Saskatchewan
June 30, 2017

To Her Honour
The Honourable Vaughn Solomon Schofield, S.O.M., S.V.M.
Lieutenant Governor of the Province of Saskatchewan

Dear Madam:

I have the honour to submit herewith the Annual Report of the Saskatchewan Transportation Company for the 12-month period ended March 31, 2017, in accordance with *The Crown Corporations Act, 1993*. The financial statements are in the form approved by the Treasury Board and have been duly certified by the Company's auditors.



Honourable Joe Hargrave
Minister Responsible for Saskatchewan Transportation Company

MESSAGE FROM THE MINISTER

On March 22, 2017, the Government of Saskatchewan announced as part of the Provincial Budget that the subsidies provided to the Saskatchewan Transportation Company (STC) would end in 2017-18. Though it was a difficult decision, and not one we arrived at easily, the Government of Saskatchewan opted to remove the capital and operating subsidies provided to STC, leading to the Company winding up operations.

According to Statistics Canada, intercity bus travel across the country continues to decline. Bus travel in Saskatchewan peaked 35 years ago and costs to operate have risen while ridership continues to drop. Efforts to control the growth of the annual subsidy have been unable to overcome the impact of increasing costs and declining revenues. With the wind up, the subsidized provincial funds can be redirected to the delivery of other Government core services.

Our Government believes that operators in the private sector will step up and continue to offer the service that citizens received from STC. This opens up the competitive process for private operators to succeed within our province.

I would like to thank the staff at STC for all of their hard work and dedication.

I am pleased to present STC's 2016-17 Annual Report.

Honourable Joe Hargrave
Minister Responsible for Saskatchewan Transportation Company

MESSAGE FROM THE CHAIR

As a Crown corporation in the province of Saskatchewan, the Saskatchewan Transportation Company (STC) has provided a baseline transportation service for passengers and freight, providing a linkage between people, communities and economies. This linkage extends across Canada through partnerships with private transportation carriers, extending both travel and shipping opportunities beyond the province.

STC receives high satisfaction ratings from passengers and express customers. In 2016-17, passengers rated their satisfaction at 95 per cent, while express maintained its satisfaction rating among customers, also at 95 per cent.

I commend the efforts of STC to overcome the increasing challenge of maintaining intercity bus service across the province during a time of declining ridership. Changes in previous years to connecting carriers outside the province have reduced the availability of service points for passenger travel or freight shipments. These changes required similar reductions to service in Saskatchewan. The low cost of consumer fuel has also increased the perception that travel by bus is not as affordable. These environmental factors drive down ridership and revenues for the Company.

To support the provision of a quality service across the vast geography and the diverse demographic of the province, STC receives operating and capital grants from the provincial government.

Despite ridership and express shipments decreasing overall for the year, careful business management allowed the Company to cover the majority of the costs with self-generated revenues. Fifty-eight per cent of the intercity transportation costs were covered by STC's revenues, while 42 per cent were covered by the annual grants. However, the level of the annual subsidy has grown steadily to the point where it is no longer considered sustainable. As such, during the 2017-18 Provincial Budget it was announced that the subsidies provided to the Company will end after 2017-18, resulting in the wind up of STC operations.

On behalf of the Board, I would like to thank STC for providing intercity bus transportation to the province for the past 70 years, and to the STC staff for their hard work, commitment and excellent customer service to the people of Saskatchewan.

Mitchell J. Holash, Q.C.
Chair of the 2016-17 Board of Directors

MESSAGE FROM THE PRESIDENT AND CEO

STC was established by the provincial government on January 29, 1946 to operate a motor vehicle transportation system on behalf of the province. For 70 years, the Saskatchewan Transportation Company (STC) has provided safe, affordable and accessible bus passenger and freight service to the people of Saskatchewan.

Over the years, demand for intercity bus transportation has waned. STC has leveraged its equipment and network to provide freight services that help to cover the cost of passenger services. However, since the 1970's the Company has not been able to generate enough revenue to cover all operating costs. As such, the Government of Saskatchewan has decided, due to a declining ridership and a growing subsidy, to wind up operations at STC. During the wind up process, management and staff worked together to ensure our customers received the same level of service they have come to expect.

Despite the Company beginning the wind up process at the end of 2016-17, we were able to achieve several accomplishments throughout our 70th year. This included celebrating a pair of drivers who recently reached one million miles of safe driving. These drivers and our other staff that celebrated long service awards, are examples of the dedication our team has to this organization.

Our staff works hard to ensure our customers are satisfied with the service from STC; 95 per cent of our [surveyed] passengers rated STC's service as "good" or "excellent". Ninety-five (95) per cent of our Parcel Express customers similarly rated the service they received as "good" or "excellent". Customer service has always been at the forefront of our organization.

In closing, I want to thank all of STC's staff for their hard work and dedication. I have been proud to work with them for the past twenty years. They deserve gratitude and admiration for the personal commitment that often went above and beyond what was required. They did this for STC's customers for whom they truly cared about, and due to a strong belief in the mandate of our organization. Thank you.

On behalf of all of the employees at STC, I also wish to thank the people and province of Saskatchewan for allowing us to serve them over the last seven decades. It has been our pleasure.

Shawn Grice
President and Chief Executive Officer

A YEAR IN REVIEW 2016-17

On March 22, 2017, the Government of Saskatchewan, as part of the Provincial Budget, announced that the annual subsidies for the Saskatchewan Transportation Company were no longer sustainable. As such, the organization was directed to wind up activities. Vehicular services ceased as of May 31, 2017, with limited terminal operations and the administrative aspects of the wind up taking place in the following months.

The following Annual Report focuses on the activities and financial results of 2016-17.

OUR SERVICES

For 70 years, the Saskatchewan Transportation Company (STC) has provided bus passenger and freight services to the province of Saskatchewan. Our mandate focussed our efforts towards being a provincial coach company which provided safe, affordable, and accessible bus passenger and freight services to Saskatchewan.

Our core business functions included the delivery of passenger and parcel express services. STC provided the majority of intercity bus passenger service in Saskatchewan. We also operated a freight business in a fully competitive environment, providing depot-to-depot service throughout the network, as well as contractual door-to-door pick-up and delivery service in major centres.

STC generated revenue from various sources. Passenger service revenues included passenger fares from scheduled bus service and charter activities. Diversifying revenue sources helped to mitigate STC's annual subsidy requirements as profits from parcel express helped offset losses. Foreign coach and leasing company facilities were other contributors to STC's financial results.

In 2016-17, STC operated 25 routes in the province and contracted two additional routes through the private sector. We travelled over 2.8 million miles (4.5 million kilometres) to connect 253 communities. The network may have changed over the 70-year history of the Company, but our focus on the customer remained as strong today as it did in 1946.

OUR CUSTOMERS

STC generated revenue through a variety of revenue streams; however, the bulk of the Company's revenue came from passenger and parcel express services.

Our passengers showed their appreciation for the work done by the staff through consistently high satisfaction ratings. The hard work of staff was rewarded with 95 per cent of passengers rating their satisfaction with STC as "good" or "excellent".

In 2016-17, STC engaged with passengers through Facebook and the Company's email loyalty program, *Ride Rewards*. These tools provided information on events and destinations in Saskatchewan, answered customer service inquiries and provided information on sales and promotions.

Passengers appreciated the main promotions offered in 2016-17. The Frequent Rider Card was offered at a reduced price of $10 in July and August. The Frequent Rider Card provided the holder with a 20 per cent discount on all tickets purchased for one year. During this promotion 1,771 cards were sold.

Our senior passengers enjoyed the fall Senior Seat Sale. The Senior Seat Sale offered passengers 60 years and older the opportunity to travel anywhere on STC's network for $15 one-way. The Senior Seat Sale was launched in September and extended into October allowing approximately 15,000 senior riders to take advantage of this opportunity.

Ride Rewards members were extended an opportunity to travel anywhere on STC's network for $20 one-way. Members of STC's email loyalty program received an email coupon that they could use as often as they liked in November. The program grew to over 8,200 members during the promotion and just under 3,000 riders took advantage of the offer.

STC's parcel express service provided shipping to individuals as well as both small and large businesses. It was a service used by a variety of sectors, including agriculture, oil and gas, manufacturers and health care. As with passenger services, customer service also ranked high at 95 per cent.

OUR PROGRAMS AND AMENITIES

STC strived to make passengers' rides comfortable and convenient. STC coaches offered expanded leg room and most had cup holders and 110V power outlets. Wi-Fi was available on STC's entire fleet.

Many of STC's customers indicated that travelling by bus was an excellent option for appointments. The cost of travelling for regular physician-prescribed treatments could be offset with the purchase of a Medical Pass. The Medical Pass provided unlimited travel at a significantly reduced rate, on a specified STC corridor for a period of 30 days.

STC also provided accessible travel throughout the network. Over 40 per cent of the fleet was wheelchair accessible. Passengers with varying mobility could book wheelchair accessible buses with 48 hours notice. In addition, STC's Attendant Program for Persons with Disabilities or Visual Impairment allowed an adult attendant or service animal accompaniment at no additional charge.

OUR PARTNERS

STC services were provided at STC's main terminals in Regina, Saskatoon and Prince Albert, and at STC's 175 Agencies around the province. The Agencies were the largest group of partners working with STC and were often the first point of contact for many customers.

STC's largest partner was Greyhound Canada. This partnership increased the convenience of bus service by enabling Saskatchewan residents' access to Greyhound Canada services in Saskatchewan as well as to Greyhound Canada's network. STC acted as an Agency for Greyhound Canada in Regina and Saskatoon selling both tickets and shipping services to locations across Canada. STC and Greyhound Canada also shared agencies ("dual agencies") in the larger urban centres of Swift Current, Moose Jaw, Yorkton, and North Battleford. Our terminals and the larger dual agencies sold tickets on either the STC network or Greyhound Canada's network and all of STC's agencies offered shipping options to and from destinations across Canada.

STC held contracts with a number of regional couriers and pick-up and delivery operators to expand the number of delivery points in Saskatchewan. There were also interline operators who provided passenger service to locations outside of STC's network.

OUR FINANCIAL CONTROLS

Accurate public financial reporting was very important at STC. As part of the Company's strict internal financial and reporting controls, CEO/CFO Certification required the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) to certify that controls had been implemented and were operating effectively with no material weaknesses. This certification process was in place since 2009.

Canadian Securities Administrators (CSA) *National Policy 58-201 Corporate Governance Guidelines* and *National Instrument 58-101 Disclosure of Corporate Governance Practices* guided STC's approach to corporate governance. These CSA guidelines outlined national governance requirements for publicly traded companies and addressed areas of responsibility for effective corporate governance. While STC was not a publicly traded company, its practices were benchmarked against these current industry best practices.

OUR PEOPLE

STC employed, on average, 204 full-time equivalents in its five divisions: Customer Services and Operations; Finance; Corporate Systems and Technology; Strategic Planning and Communications; and Human Resources and Payroll. In-scope employees made up 82 per cent of the workforce and were represented by the Amalgamated Transit Union, Local 1374.

In 2016-17, STC celebrated and honoured motor coach operators who reached safety milestones in their careers. The Safe Driving Award provided a means of recognizing outstanding accomplishments and better-than-average driving performance. To qualify, a driver must have driven a minimum of 50,000 miles and was free from preventable accidents in a calendar year. There were 34 motor coach operators who received Safe Driving Awards.

Two motor coach operators were al honoured with Million Miles Awards. This program showcased extraordinary achievement in professional driving for those who had achieved at least one million miles of incident-free driving.

In addition, Long Service Awards recognized employees' years of service with the Company. In 2016-17, there were three employees recognized for 35 years of service and two employees recognized for 30 years of service. This was a true testament of their dedication to the organization and their careers.

The Company measured employee satisfaction biennially through a voluntary survey. In 2016-17, the survey took place in September. Feedback from the survey helped STC to determine its yearly human resources plan. Other tools that helped to keep employees engaged throughout the year included regular meetings and a bi-monthly internal newsletter.

OUR CULTURE OF SAFETY

Providing safe transportation was a key component of STC's mandate, and the Company was committed to Mission Zero and a "Culture of Safety". This was achieved through the development of safe work procedures, ongoing staff training and equipment maintenance.

STC followed the *National Safety Code* (NSC). The NSC is a code of minimum performance standards, applying to all persons responsible for the safe operation of commercial vehicles. There are 15 NSC standards, ranging from commercial driver license requirements to carrier facility audits. STC maintained a high standard of maintenance for its fleet and facilities. Mechanics adhered to a legislatively regulated and extensive checklist of tests and inspections of coaches on every regularly scheduled service. Motor Coach Operators received regular training and updates on hours of service regulations, pre-trip inspections and proper document completion.

An emphasis was placed on the organization's Occupational Health and Safety program, including employee education and prevention strategies in all occupations. STC measured the success of this area in the Balanced Scorecard through the number of compensable days lost due to injury each year. The success of this measure took into account the positive work done in the areas of injury prevention and return-to-work initiatives.

STC operators also received extensive training to guarantee the ongoing safety of passengers. STC operators worked towards maintaining certification in CPR and first aid. All buses were equipped with global positioning systems (GPS) and onboard cameras, both inside and out, to help the Company address safety concerns.

SASKATCHEWAN

MANAGEMENT DISCUSSION & ANALYSIS

The stewardship of STC's annual grant funds was managed through strict financial controls and performance measurement tools.

MANAGEMENT DISCUSSION & ANALYSIS

A presentation of Management's view of STC's performance in 2016-17.

BALANCED SCORECARD

Performance was tracked and reported against targets set in each of STC's strategic goals.

FINANCIAL STATEMENTS

Financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) and audited annually.

MANAGEMENT DISCUSSION & ANALYSIS

The following Management Discussion and Analysis (MD&A) highlights the primary factors that impacted STC operations and financial results for the 12-month period ended March 31, 2017. The MD&A provides management's perspective of the Company for the previous 12 months and should be read in conjunction with the audited financial statements and accompanying notes. The MD&A includes an industry overview and risk assessment, as well as information on financial performance, facilities, and the Balanced Scorecard.

In 2015, the Saskatchewan Transportation Company (STC), along with all other Crown corporations, was directed to change its fiscal year end from December 31 to March 31 to coincide with the fiscal year end of the Government of Saskatchewan. As such, this Annual Report provides the Company's audited financial statements and accompanying notes for the 12-month period ended March 31, 2017 with comparative financial information for the 15-month period ended March 31, 2016. However, unless otherwise noted, comparative periods used within this MD&A reflect the unaudited 12-month period ended March 31, 2016.

On March 22, 2017, the Government of Saskatchewan announced that operating and capital subsidies to STC would cease in 2017-18 resulting in the subsequent wind up of the company. The final day for STC's scheduled service was May 31, 2017, and the last day STC accepted freight for delivery was May 19, 2017. On June 1, 2017 the Company surrendered its operating authority certificate to the Saskatchewan Highway Traffic Board and shifted focus to the sale of its assets, through an open process, as well as the settlement of its obligations.

INDUSTRY OVERVIEW

Provincial Economy

2016-17 saw the continuation of challenges in the Saskatchewan economy, as the resource sectors remained depressed.

The low price of oil impacted STC's business as a key market for the Company's shipping service. Declines in the provincial oil and gas sector had a direct impact on parcel express revenues. The low cost of consumer fuel also made travel by personal vehicles more affordable and STC fares appeared more expensive, putting downward pressure on ridership numbers and passenger revenues.

Western Canadian Industry

STC had the bulk of the intercity bus passenger business in Saskatchewan. Greyhound Canada operated two routes through the province (along the Trans-Canada and Yellowhead Highways). Private sector carriers had interline and other contractual arrangements with STC to serve specific schedules for passenger or freight services.

Factors such as dispersed populations, fluctuating costs and competition with other forms of travel and freight services continued to impact the intercity bus industry.

Geographically-Dispersed Population

Saskatchewan's provincial highways consist of more than 16,000 miles (25,800 kilometres) of road. Including municipal roads, Saskatchewan's total road surface is approximately 119,000 miles (191,500 kilometres).

STC operated just over 2.8 million miles (4.5 million kilometres) of scheduled bus service and provided connections to 253 communities. Passenger and Parcel Express customers received service to additional communities through private sector partnerships.

Nearly all of STC's routes were low density. Frequency of service was limited and small coaches were used on some routes with low passenger numbers allowing STC to contain costs. However, revenues from the higher-volume routes were not able to fully offset the associated losses.

STC Clientele

Based on the semi-annual passenger survey, over 60 per cent of passengers were female. Among older demographics (40 years and older), this ratio was even higher. In 2016-17, the proportion of clientele that fell into the senior (60+) category increased. This was largely attributable to the timing of the second round of the surveys which occurred during the Senior Seat Sale and Ride Rewards sales promotion. The adult categories remained comparable to previous years while the youth category declined.

Low income passengers made up over 70 per cent of riders. Although a high percentage of riders in all age categories were low income, a higher percentage of youth and seniors fell into the low income category.

In 2016-17, the ratio of passengers that came from rural centres increased. The change in distribution indicated that ridership from major centres was decreasing at a greater rate than ridership from rural and small urban centres.

Parcel express customers fell into two categories: business shippers and personal shippers. Business shippers tended to be long-term account clients with more than half having shipped with STC for over ten years. The majority were casual shippers (five or fewer shipments per month).

The majority of personal shippers resided in major urban centres. They were also casual users with 80 per cent using STC for five or fewer shipments in a year.

RISK ASSESSMENT

Throughout the 2016-17 fiscal year, STC identified, evaluated, prioritized and managed risks in an effort to achieve its goals and objectives. STC undertook semi-annual reviews of the enterprise risk management system with the Board of Directors. STC's identified risks were key considerations in the development of the budgets, both capital and operating, and the annual strategic plan. The top risks identified by the Company at that time were as follows:

Decrease in Ridership (and the impact on passenger revenues)

The requirement for the annual operating grant was impacted by the Company's ability to generate revenue. Passenger revenues were directly impacted by ridership levels.

Fleet Age

The condition of STC's fleet was a critical factor in being able to provide high quality and reliable service. An aging fleet would pose significant risk in terms of image and service delivery, both important to customer satisfaction.

Recruitment and Retention

STC's ability to provide high quality service to the public was directly attributable to a well-trained, satisfied workforce. Consistent with other employers in Saskatchewan, recruiting and retaining employees in certain key job classifications was impacted by economic conditions.

FINANCIAL PERFORMANCE

Introduction

The financial performance of the Company was significantly impacted by its mandate to provide service on the widest practical basis. Because of low population densities, there were insufficient passenger and freight volumes to fully recover all operating costs. Thus, subsidization was required to serve such an extensive network.

The financial performance of STC was gauged by whether the Company's costs and subsidy were as low as possible. Total cash loss as a percentage of total expenses (excluding depreciation and impairment) in 2016-17 was 41.7 per cent (40.1 per cent in 2015-16).

Operating and Capital Grants

STC operations were subsidized through grants received from Crown Investments Corporation of Saskatchewan (CIC), the central overseeing body of Saskatchewan's Crowns. Each year, STC submitted its performance measures and grant requirements to CIC for review and approval. In 2016-17, STC received approval for a total operating grant of $12.4 million to cover its estimated operating losses. All of the approved operating grant was requested and received by STC during the year.

STC received approval for a 2016-17 capital grant of $1.8 million to fund capital expenditures. Capital expenses were primarily allocated to fleet and building investments. STC requested and received $1.2 million in capital grants during the year.

Other Revenue Sources

STC generated other revenue through alternative sources to help offset grant requirements. In 2016-17, this other revenue totalled $1,839 thousand ($1,009 thousand in 2015-16) and primarily included:

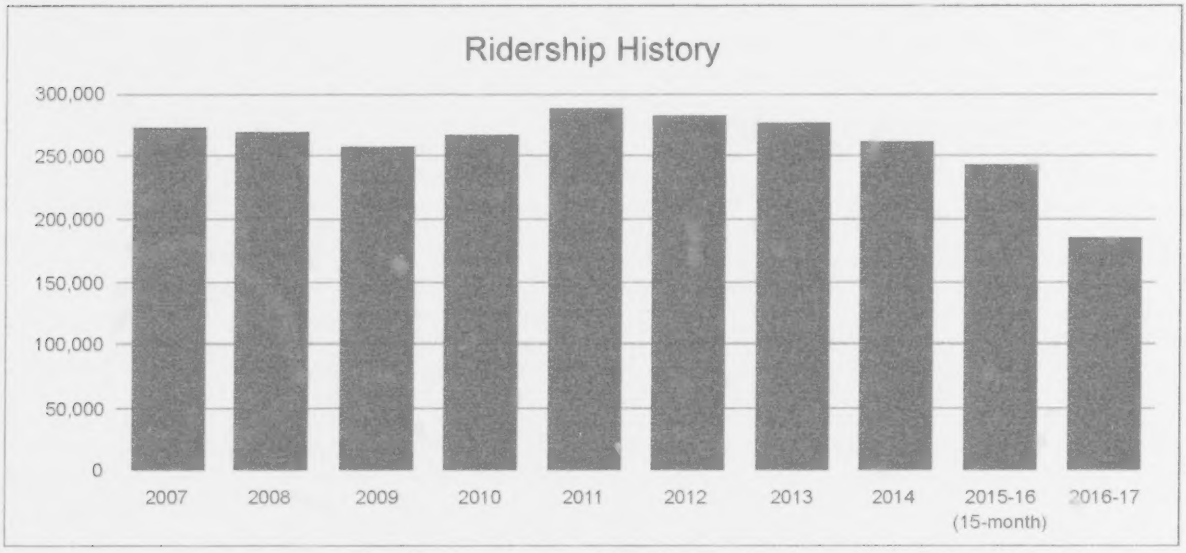
- maintenance and cleaning service provided to other independent bus lines generating $210 thousand in revenue in 2016-17 ($231 thousand in 2015-16);
- leased excess space in terminals and garages totalling $235 thousand in 2016-17 ($264 thousand in 2015-16);
- sold advertising on STC property through the use of billboard signs resulting in $36 thousand ($37 thousand in 2015-16); and,
- an additional $36 thousand from automated banking machines and locker rentals ($42 thousand in 2015-16).

Other revenue for 2016-17 also included miscellaneous items such as an insurance settlement of $700 thousand and $438 thousand in Workers' Compensation Board rebates.

STC also operated charter services, which was included in passenger revenue. Charter services provided $115 thousand in revenue in 2016-17 ($160 thousand in 2015-16).

Passenger Service

Overall passenger numbers were 185,678 passengers in 2016-17 (2015-16: 190,189), a 2.4 per cent decline compared to 2015-16. The lower ridership and subsequent revenues were impacted by the sustained low cost of consumer fuel that increased the perceived cost of bus fares. Route reductions implemented by Greyhound Canada and STC over the last few years also continued to impact ridership.



The table below offers a snapshot comparison of passenger service financial results from 2016-17.

	12-month period ended March 31, 2017	12-month period ended March 31, 2016	15-month period ended March 31, 2016
Revenue - Cost = Passenger Service Loss Per Mile	$2.09 - $5.43 = ($3.35) per mile	$2.32 - $5.29 = ($2.97) per mile	$2.34 - $5.31 = ($2.97) per mile
Passenger Service Revenue	$5,920,000	$6,579,000	$8,352,000
Passenger Service Operating Expense	$15,401,000	$15,014,000	$18,923,000

Parcel Express Service

Profits from STC's parcel express service helped contain its subsidy requirement. The Company experienced a 2.2 per cent decline in revenue for 2016-17 compared to 2015-16, a reflection of lower volumes.

A comparison of parcel express revenues, expenses and profits are provided in the table below:

	12-month period ended March 31, 2017	12-month period ended March 31, 2016	15-month period ended March 31, 2016
Parcel Express Revenues	$7,096,000	$7,254,000	$8,826,000
Parcel Express Expenses	$5,689,000	$5,653,000	$7,105,000
Parcel Express Profits	$1,407,000	$1,601,000	$1,721,000

Bus Maintenance Services

STC provided maintenance and cleaning services for other bus companies, providing revenue streams of $210 thousand for 2016-17, compared to $231 thousand for 2015-16. Expenses associated with such work were $116 thousand in 2016-17 compared to $126 thousand in 2015-16. The decreased revenue was due to fewer services being provided to maintenance customers.

Maintenance service expenditures for STC coaches and fleet were $4,226 thousand in 2016-17, compared to $4,030 thousand in 2015-16. This increase was primarily due to the costs associated with maintaining an aging fleet.

Capital Spending

Total capital spending for the period was $1,362 thousand ($3,175 thousand in 2015-16). This total included the completion of a previously approved and funded capital project involving the restoration of the Regina Maintenance Facility. Capital spending on this refurbishment project was $125 thousand in 2016-17 ($2,686 thousand in 2015-16).

The combined capital investment for the year included fleet renewal ($991 thousand), other equipment ($31 thousand), corporate systems and technology ($128 thousand) and facilities ($87 thousand).

Wind Up

STC's financial statements as of March 31, 2017 reflect the impacts of the impending wind up, including the liquidation of the Company's assets and the settlement of obligations within the next 12 months. This resulted in the revaluation of some of STC's assets. Inventory was written down to reflect the estimated net realizable value which was the amount expected to be received through the liquidation process. An impairment of property and equipment was recorded to reflect the lower of each individual asset's carrying amount and recoverable amount. In most instances, the recoverable amount reflected the estimated fair value less costs to sell as determined by an independent appraisal. The Company's trade and other payables reflect management's best estimate of any obligations related to the wind up that existed at March 31, 2017.

FACILITIES

STC owned and operated passenger and freight terminals in Regina, Saskatoon and Prince Albert and maintenance facilities in Regina and Saskatoon. The Company also owned a passenger and freight terminal in Moose Jaw and contracted the operation of the facility to an agent.

STC Facilities	Age (years)
Moose Jaw* Passenger and Parcel Express Terminal	21
Prince Albert Passenger and Parcel Express Terminal	22
Regina	
Passenger and Parcel Express Terminal	8
Maintenance Facility	68
Saskatoon	
Passenger Terminal	42
Parcel Express Building	39
Maintenance Facility	34

*STC owns but does not operate the property.

The main facility in Regina housed passenger and parcel express services, and serves as the head office for STC. Only minor building improvements totalling $6 thousand were required in 2016-17.

The Regina Maintenance Facility Renovation Project was completed in full in 2016-17. The project's total costs were under budget by $421 thousand. In addition to correcting structural issues of the building, this project included the replacement of electrical, heating, ventilation and cooling systems, lighting upgrades, and the installation of air quality detection and security systems.

The Saskatoon Terminal buildings housed passenger and parcel express services. Building upgrades were completed by replacing security cameras, and lighting upgrades totalling $79 thousand in 2016-17.

Major repairs, installations and maintenance work on the fleet took place at the Saskatoon Maintenance Facility, with the Regina Maintenance Facility performing primarily routine maintenance and servicing. The Saskatoon Maintenance Facility saw only minor improvements in 2016-17.

The Prince Albert Terminal provided services for both passengers and parcel express customers. No major building improvements were required in 2016-17.

CORPORATE SYSTEMS AND TECHNOLOGY

STC oversaw technology systems used in the delivery of both passenger and freight services. These systems were found at STC's terminals and larger agencies throughout the province. They were also supplied to high volume shippers to provide a convenient link to STC's network.

STC implemented a fleet monitoring system in 2016-17. This required a transition to upgraded technology that provided GPS tracking, panic alert functionality, and speed reporting. The technology also allowed for the future implementation of electronic trip inspections and an electronic driver logs module.

FLEET AND EQUIPMENT

STC's coaches in the active fleet ranged in size from 22 to 51 seats. In 2016-17, STC operated a total of 41 coaches and 25 freight trailers of which over 40 per cent were wheelchair-accessible.

Late in the fiscal year, STC took delivery of three 16-passenger vehicles and one 22-passenger vehicle. Due to the timing required to outfit these new vehicles, they were not deployed by the time of the announcement that STC would be wound up.

EMPLOYEES

Employment Equity

STC continued its commitment to ensuring that the workplace reflected the diversity found in the people in the province of Saskatchewan. Managing diversity successfully means creating an environment that values and uses the contributions of people with different backgrounds, ethnicity, experiences and perspectives. When given the opportunity, diversity candidates can truly enhance the workplace.

As a federally regulated employer, STC's commitment to diversity is monitored annually by the Canadian Human Rights Commission on behalf of Department of Employment and Social Development Canada. STC continued efforts to increase the representation of all diversity groups in the workplace. As of March 31, 2017, STC reported 12.1 per cent representation of Aboriginal peoples, 4.2 per cent representation of persons with disabilities, 9.3 per cent representation of members of visible minorities and 27.6 per cent of women. STC reported on the representation of women in executive and senior management positions with 50 per cent and 44 per cent representation respectively.

SHAREHOLDER ENGAGEMENT

STC worked to maintain a strong relationship with its shareholder. Committed to supporting the principles of timeliness, openness and transparency, STC fully complied with its statutory obligations for approval and disclosure of information. These responsibilities included:

- Annual approval of the Corporation's performance management plan, including capital expenditures through its holding company, Crown Investments Corporation of Saskatchewan (CIC);
- Annual disclosure of all payments of over $50,000 to employees and suppliers; and,
- Compliance with public requests for information, balancing the interests of *The Freedom of Information and Protection of Privacy Act*.

BALANCED SCORECARD

MANAGEMENT'S RESPONSIBILITY FOR REPORTING ON PERFORMANCE

Management has presented its performance information in the Balanced Scorecard.

The information is, to the best of our ability, reliable (that is, reasonably free of errors or omissions and represents what it claims), consistent (that is, prepared using consistent policies and methods, explains significant variances and reports results against previously approved targets), and understandable. To provide a better understanding of the information, management has defined the terms and calculations and has disclosed limitations.

Management has the primary responsibility for the integrity and objectivity of the performance information reported in the Balanced Scorecard. To fulfil this responsibility, the Company maintains appropriate systems of internal controls and procedures. These systems provide reasonable assurance that information presented is reliable and consistent.

On behalf of the Company, on March 31, 2017,

Shawn Grice
President and Chief Executive Officer

SCORECARD DISCUSSION

STC's Balanced Scorecard (BSC) holds the Company accountable to the public. It contains objectives, measures and targets which were created based on the strategic direction provided by STC's Board of Directors, as well as the overall strategic direction of Crown Investments Corporation of Saskatchewan (CIC). Measures evolved over the years to improve alignment with the Company's strategic plan, demonstrating STC's contribution to the priorities of the Crown sector and improving clarity in the reporting of the results.

- Customer satisfaction remained very high for passenger services at 95 per cent and parcel express at 95 per cent.

- While STC required grants from CIC to fulfil its public policy role, it measured its financial success by setting efficiency targets and by implementing expenditure controls to meet those targets. Key financial measures met 2016-17 targets as cost reductions and savings overcame lower revenues and lower ridership.

- Overall ridership declined. For the 12-month period ending March 31, 2017, ridership was 2.4 per cent below the previous period.

- Employee satisfaction was measured biennially, the last survey taking place in September 2016. STC worked to continuously improve communication across all levels within the organization.

- STC continued to seek efficiencies and cost savings in regard to how employees received training with a focus on online and webinar-style courses. Mandatory and safety training remained a priority.

- STC continued to focus significant efforts on health and safety, including improvements in reporting and investigation processes, training, and the development of safe work procedures and injury prevention strategies. Tracking the number of days lost due to compensable injury allowed the Company to focus on injury prevention and return to work activities.

CUSTOMER

WE MEET THE NEEDS OF OUR CUSTOMERS

Objective		Measures	2015-16 Actual (15-month)	2016-17 Target (12-month)	2016-17 Actual (12-month)
Passengers are satisfied with the service they receive	M1	Passenger survey satisfaction rating	93.2%	93.0%	94.7%
Routes serve a significant portion of Saskatchewan	M2	Number of communities served	253	253	253
Parcel express customers are satisfied with the service they receive	M3	Parcel express survey satisfaction rating	94.6%	94.0%	94.7%

M1 Passenger Survey Satisfaction Rating is the overall satisfaction level of our passengers (bus-riding customers). This information is obtained through a semi-annual, voluntary, passenger sample survey. It represents the total percentage of respondents who rate their overall satisfaction with the services provided by STC as "good" or "excellent".

M2 Number of Communities Served is all communities within Saskatchewan with at least one of the following: a flag-stop, scheduled passenger service and/or freight-only service.

M3 Parcel Express Survey Satisfaction Rating is the overall satisfaction level of our shipping customers. This information is obtained through survey information that is gathered voluntarily from customers. It represents the total percentage of respondents who rate their overall satisfaction with the services provided by STC as "good" or "excellent".

FINANCIAL

WE ARE A FISCALLY RESPONSIBLE AND ACCOUNTABLE CORPORATION

Objective		Measures	2015-16 Actual (15-month)	2016-17 Target (12-month)	2016-17 Actual (12-month)
Cash loss is as low as possible	M4	Operating cash loss as a percentage of overall expenditures	41.01%	44.57%	41.73%
Operating costs are as low as possible	M5	Passenger services loss per mile	($2.97)	($3.25)	($3.35)

M4 Operating Cash Loss as a Percentage of Overall Expenditures is kept as low as possible. The percentage is calculated as the operating cash loss (excluding gain/loss on disposal of assets, depreciation and impairment, and grants) divided by the total expenses (excluding depreciation and impairment) for the year.

M5 Passenger Services Loss Per Mile is the difference between the passenger expense and revenue per mile. Revenue per mile is calculated as total passenger revenues, divided by the total scheduled miles and service miles. Passenger expense per mile is calculated as the total passenger expenses divided by the total scheduled miles and service miles.

PEOPLE

WE ARE A HIGH-QUALITY EMPLOYER

Objective		Measures	2015-16 Actual (15-month)	2016-17 Target (12-month)	2016-17 Actual (12-month)
STC is an employer of choice in Saskatchewan	M6	Employee satisfaction rating	Non-reporting	60.0%	69.4%
STC promotes safety and career enhancement training for our employees	M7	Number of safety, technical and professional development training opportunities attended	201	180	221
STC provides a safe work environment	M8	Percentage of days lost due to compensable injuries	0.87%	1.40%	0.70%

M6 Employee Satisfaction Survey Ratings is obtained from a comprehensive voluntary employee survey. The survey measures the overall satisfaction of STC employees. The survey is conducted biennially and was last conducted in September 2016.

M7 Number of Safety, Technical and Professional Development Training Opportunities Attended in the workplace represents the total number of times employees have participated in either an in-house or externally delivered seminar, training session, webinar or workshop during the year.

M8 Percentage of Days Lost Due to Compensable Injuries reflects the work that STC does to improve safety throughout the organization and the steps taken to lower the risk of occurrence and the length of absence due to injury. It is calculated by dividing the total number of days lost due to injury by the total working days.

INNOVATION

WE ARE IMPROVING AND INNOVATING

Objective		Measures	2015-16 Actual (15-month)	2016-17 Target (12-month)	2016-17 Actual (12-month)
Grow our business operations with other private entities	M9	Total agreements and partnerships	202	202	205
Build our customer base and promote the Corporation	M10	Percentage growth in passenger numbers	-22.6%	-2.0%	-2.4%

M9 The Number of Total Agreements and Partnerships with private sector entities includes the total number of operating STC agents, interline carriers, contract carriers and pick-up and delivery service operators. It also includes other partnerships and agreements that meet specified criteria to be included in the reported results.

M10 Percentage Growth in Passenger Numbers is the percentage growth in ridership on scheduled routes year-over-year.

FINANCIAL STATEMENTS

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management has prepared the financial statements of the Company in accordance with International Financial Reporting Standards. The financial data included elsewhere in this report is consistent with the financial statements and the underlying information from which the Company prepared these financial statements.

Management has the primary responsibility for the integrity and objectivity of the financial statements. To fulfil this responsibility, the Company maintains appropriate systems of internal controls, policies and procedures. These systems provide reasonable assurance that assets are safeguarded and that the books and records reflect the authorized transactions of the Company.

MNP LLP, the Company's external auditors, have examined the March 31, 2017 financial statements, and their report follows.

The Board of Directors of Saskatchewan Transportation Company has examined and approved the statements.

On behalf of the Company,

Shawn Grice
President and Chief Executive Officer

Michelle Maystrowich
Chief Financial Officer

June 15, 2017

ANNUAL STATEMENT OF MANAGEMENT RESPONSIBILITY

I, Shawn Grice, the President and Chief Executive Officer of the Saskatchewan Transportation Company, and I, Michelle Maystrowich, the Chief Financial Officer of the Saskatchewan Transportation Company, certify the following:

a. That we have reviewed the financial statements included in the Annual Report of the Saskatchewan Transportation Company. Based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report, fairly present, in all material respects the financial condition, results of operations, and cash flows, as of March 31, 2017.

b. That based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report of the Saskatchewan Transportation Company do not contain any untrue statements of material fact, or omit to state a material fact that is either required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made.

c. That the Saskatchewan Transportation Company is responsible for establishing and maintaining effective internal controls over financial reporting, which includes safeguarding of assets and compliance with applicable legislative authorities; and the Saskatchewan Transportation Company has designed internal controls over financial reporting that are appropriate to the circumstances of the Saskatchewan Transportation Company.

d. That the Saskatchewan Transportation Company conducted its assessment of the effectiveness of the corporation's internal controls over financial reporting and, based on the results of this assessment, the Saskatchewan Transportation Company can provide reasonable assurance that internal controls over financial reporting as of March 31, 2017 were operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.

Shawn Grice
President and Chief Executive Officer

Michelle Maystrowich
Chief Financial Officer

June 15, 2017

INDEPENDENT AUDITORS' REPORT

To the Members of the Legislative Assembly of Saskatchewan:

We have audited the accompanying financial statements of Saskatchewan Transportation Company, which comprise the statement of financial position as at March 31, 2017, and the statements of comprehensive (loss) income and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Saskatchewan Transportation Company as at March 31, 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without modifying our opinion, we draw your attention to Note 1 of the financial statements, which indicates that STC will be ceasing operations on May 31, 2017, and that STC plans to liquidate the corporation once operations cease. Note 9 of the financial statements discloses the impairment on the property and equipment, as the corporation is no longer a going concern.

Regina, Saskatchewan
June 15, 2017

MNP LLP
Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION
as at

	March 31, 2017	March 31, 2016
	(in thousands)	
Assets		
Current assets		
Cash	$ 3,268	$ 2,051
Accounts receivable (note 5)	1,521	806
Inventories (note 7)	294	351
Prepaid expenses	380	468
Assets held for sale (note 8)	4	4
	5,467	3,680
Property and equipment (note 9)	19,894	35,946
	$ 25,361	**$ 39,626**
Liabilities and Province's Equity		
Liabilities		
Current liabilities		
Trade and other payables	$ 8,902	$ 2,549
Deferred capital grant (note 13)	14,956	30,233
	23,858	32,782
Province of Saskatchewan's Equity		
Contributed surplus	465	465
Retained earnings	1,038	6,379
	1,503	6,844
	$ 25,361	**$ 39,626**

See accompanying notes

Approved by the Board on June 15, 2017

Mitchell J. Holash, Q.C.
Director

Mervin Schneider
Director

STATEMENT OF COMPREHENSIVE (LOSS) INCOME
for the period ended

	March 31, 2017 (12 months)	March 31, 2016 (15 months)
	(in thousands)	
Revenue		
Express services	$ 7,096	$ 8,826
Passenger services	5,920	8,352
Other (note 11)	1,839	1,252
Gain on disposal of property and equipment	-	79
	14,855	18,509
Expenses		
Operating costs other than those listed below	9,727	11,462
Salaries, wages and short-term employee benefits	21,911	19,779
Depreciation and impairment (note 9)	17,414	3,923
	49,052	35,164
Loss before the following	(34,197)	(16,655)
Operating grant (note 12)	12,400	13,250
Capital grant (note 13)	16,456	3,656
Total comprehensive (loss) income	**$ (5,341)**	**$ 251**

See accompanying notes

STATEMENT OF CHANGES IN EQUITY

	Attributable to the Province of Saskatchewan		
	Retained earnings	Contributed surplus	Total equity
	(in thousands)		
Balance at December 31, 2014	$ 6,128	$ 465	$ 6,593
Total comprehensive income	251	-	251
Balance at March 31, 2016	6,379	465	6,844
Total comprehensive loss	**(5,341)**	-	**(5,341)**
Balance at March 31, 2017	**$ 1,038**	**$ 465**	**$ 1,503**

See accompanying notes

STATEMENT OF CASH FLOWS
for the period ended

	March 31, 2017 (12 months)	March 31, 2016 (15 months)
	(in thousands)	
Operating activities		
Total comprehensive (loss) income	$ (5,341)	$ 251
Items not involving cash:		
Depreciation and impairment (note 9)	17,414	3,923
Gain on disposal of property and equipment	-	(79)
Recognition of capital grant (note 13)	(16,456)	(3,656)
Net change in non-cash working capital (note 15)	5,783	55
Cash provided by operating activities	1,400	494
Investing activities		
Additions to property and equipment (note 9)	(1,362)	(3,821)
Proceeds on disposal of property and equipment	-	103
Cash used in investing activities	(1,362)	(3,718)
Financing activities		
Capital grant received (note 13)	1,200	3,420
Capital grant returned (note 13)	(21)	-
Cash provided by financing activities	1,179	3,420
Increase in cash	1,217	196
Cash, beginning of the period	2,051	1,855
Cash, end of the period	**$ 3,268**	**$ 2,051**

See accompanying notes

NOTES TO FINANCIAL STATEMENTS
March 31, 2017

1. Status of the Company

The Saskatchewan Transportation Company (STC or the Company) was originally established in 1946 by Order in Council #168 to act as a common carrier providing passenger service transportation, parcel express and freight services. STC's powers, duties and conditions were affirmed in 1993 by Order in Council #5. STC is a corporation domiciled in Canada. The address of the Company's registered office and principal place of business is 1717 Saskatchewan Drive, Regina, Saskatchewan S4P 2E2.

By virtue of *The Crown Corporations Act, 1993* STC has been designated a subsidiary of Crown Investments Corporation of Saskatchewan (CIC). Accordingly, the financial results of STC are included in the consolidated financial statements of CIC.

As a provincial Crown corporation STC is not subject to Federal or Provincial income taxes in Canada.

STC's passenger rates are subject to rate regulation by the Motor Carrier Committee of the Saskatchewan Highway Traffic Board, which is a related party. The Motor Carrier Committee reviews applications for operating authority certificates under the *Traffic Safety Act* and fixes rates and conditions of carriage for holders of these certificates or licenses of authority. STC holds operating authority on the routes it operates but must seek approval for passenger rate changes from the Motor Carrier Committee.

On March 22, 2017, the Government of Saskatchewan announced that operating and capital subsidies to STC would cease in the upcoming fiscal year resulting in the wind up of the Company. STC's vehicular operations are scheduled to end May 31, 2017, and the Company will subsequently surrender its operating authority certificate to the Saskatchewan Highway Traffic Board. STC and the Government of Saskatchewan are committed to a plan to liquidate the corporation once operations conclude.

2. Operations and financing

STC provides bus passenger and express service to the communities of Saskatchewan. As a result of the public policy rationale for the operation of certain non-commercial routes, STC is dependent upon CIC for its funding.

By way of Orders in Council #282/2016 STC was authorized to obtain grant funding up to $14,200 thousand (March 31, 2016 15-month period - $13,700 thousand Orders in Council #83/2015 and #605/2015) for operating and capital requirements. During the period, STC requested and received $13,600 thousand of the $14,200 thousand authorized (March 31, 2016 15-month period - $13,700 thousand of the $13,700 thousand authorized).

3. Basis of preparation

a. Going concern

STC is no longer able to operate as a going concern given its impending wind up. As such, these financial statements reflect the liquidation of the Company's assets and settlement of the Company's obligations within the next 12-month period.

b. Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board.

c. Change in fiscal year end
Effective for the period ended March 31, 2016 the fiscal year end of STC was fixed at March 31 from its previous fiscal year end of December 31 pursuant to Order in Council #568/2015 dated December 17, 2015. Accordingly, the March 31, 2017 financial statements present a 12-month period from April 1, 2016 to March 31, 2017 with comparative information provided for the 15-month period from January 1, 2015 to March 31, 2016.

d. Basis of measurement
These financial statements have been prepared on the historical cost basis unless otherwise indicated.

e. Functional and presentation currency
These financial statements are presented in Canadian dollars, which is the Company's functional currency.

f. Use of estimates and judgments
The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Accounts receivable are stated after evaluation as to their collectability, and an appropriate allowance for doubtful accounts is provided where considered necessary. Estimates are used to determine the net realizable value of inventory as well as the allowance for slow moving and obsolete inventory. Depreciation is based on the estimated useful lives of property and equipment. Tangible assets are reviewed for impairment annually using estimates of recoverable amounts to determine if there is an impairment loss. Judgment is required to determine when assets are held for sale and are then adjusted to the lower of carrying amount and estimated fair value less costs to sell. Certain obligations, including those related to the wind up, require judgment to estimate the most likely expenditure required to settle the obligation. The accrual for compensated absences is based on an estimate of historical usage.

4. Significant accounting policies

a. Changes in accounting policies during the period
Effective April 1, 2016, the Company adopted the following amended IFRS:

- IFRS 7, *Financial Instruments: Disclosures* – Annual Improvements to IFRSs 2012-2014 Cycle
- IAS 1, *Presentation of Financial Statements* – amendments to Disclosure Initiative
- IAS 16, *Property, Plant and Equipment* – amendments to Clarification of Acceptable Methods of Depreciation and Amortization
- IAS 38, *Intangible Assets* – amendments to Clarification of Acceptable Methods of Depreciation and Amortization

These standard changes had no effect on the financial statements of STC.

b. Cash
Cash is measured at fair value, which approximates cost.

c. Inventories
Inventories of vehicle parts and supplies are stated at the lower of cost and net realizable value and are costed using the first-in, first-out (FIFO) method. Provisions are made for slow moving and obsolete inventory.

d. Non-financial assets held for sale
Non-financial assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-financial assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

e. Property and equipment
Property and equipment are recorded at cost less accumulated depreciation and any provisions for impairment. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes materials, services, direct labour and directly attributable overheads.

The costs of maintenance, repairs, renewals or replacements which do not extend the useful life are recognized in comprehensive (loss) income as incurred. The costs of replacements and improvements which extend the useful life are capitalized. The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in the statement of comprehensive (loss) income as incurred.

When property and equipment are disposed of or retired, the related costs and accumulated depreciation are eliminated from the accounts. Any resulting gains or losses are reflected in the statement of comprehensive (loss) income for the period.

f. Depreciation of property and equipment
Depreciation is recorded on buildings, vehicles and other equipment on a straight-line basis over the estimated useful life of each asset. Depreciation commences when the property and equipment is ready for its intended use. The estimated useful life of property and equipment is based on manufacturer's guidance, past experience and future expectations regarding the potential for technical obsolescence. The estimated useful lives are reviewed annually and any changes are applied prospectively.

The estimated useful lives of the major classes of property and equipment are as follows:

Buildings	10 - 50 years
Vehicles	5 - 15 years
Other equipment	3 - 10 years

g. Impairment of accounts receivable
A provision for impairment is made and an impairment loss is recognized in the statement of comprehensive (loss) income when there is objective evidence that the Company will not be able to collect all of the amounts due under the original terms of the accounts receivable. The carrying amount of the receivable is reduced through the use of an allowance account. Impaired amounts are written off against the allowance account when they are assessed as uncollectible.

h. Impairment of non-financial assets
At each reporting date, the Company reviews the carrying amount of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized in the statement of comprehensive (loss) income.

i. Financial instruments
The Company classifies its financial instruments into one of the following categories: financial instruments at fair value through profit or loss, held-to-maturity, loans and receivables and other liabilities.

All financial instruments are measured at fair value on initial recognition and recorded on the statement of financial position. Transaction costs are included in the initial carrying amount of financial instruments except for financial assets classified as fair value through profit and loss, in which case the transaction costs are expensed as incurred. Measurement in subsequent periods depends on the classification of the financial instrument.

Financial instruments classified as at fair value through profit or loss are subsequently measured at fair value, with changes in fair value recognized in the statement of comprehensive (loss) income. Financial instruments classified as loans and receivables and other liabilities are subsequently measured at amortized cost using the effective interest method.

j. Operating grant revenue
Operating grants from CIC are recognized as revenue when received.

k. Capital grant revenue
Capital grants related to depreciable property and equipment are deferred as received and are recognized as revenue over the life of the related asset. The Company recognizes a portion of the capital grant as revenue each period equivalent to the amount of depreciation recognized on the assets acquired with the grant funds.

Capital grants related to the acquisition of land and related costs are recognized as a direct increase in retained earnings.

l. Revenue recognition
Passenger and express service revenue is generally recognized upon the completion of service. Interline passenger and express services are treated as being complete when the passenger or parcel is turned over to the connecting carrier.

Other revenues, including charter, space leasing, bus advertising, vending and bus maintenance services, are recognized when earned.

m. Employee benefits
The Company participates in a defined contribution plan. STC's contributions to the defined contribution plan are expensed during the period in which the related services are rendered by employees. The Company's financial obligation is limited to making regular payments to match the amounts contributed by the employees for current services.

n. Compensated absences
The Company recognizes an accrual to the extent that compensated absences for individuals in the coming period are expected to be greater than the sick leave entitlements earned in that same period.

o. New standards and interpretations not yet adopted

The following new standards, and amendments to standards and interpretations, are not yet effective for the period and have not been applied in preparing these financial statements:

- IFRS 9, *Financial Instruments* – effective January 1, 2018; however, STC has elected to early adopt this standard effective April 1, 2017. STC does not expect the impact on its financial statements to be significant.
- IFRS 15, *Revenue from Contracts with Customers* – effective January 1, 2018. The extent of the impact on adoption of this standard on the financial statements of STC is not known at this time.
- IAS 7, *Statement of Cash Flows* – amendments to Disclosure Initiative – effective January 1, 2017. STC does not expect the impact on its financial statements to be significant.

5. Financial risk management

Fair value

The following summarizes the classification, carrying amounts and fair values of the Company's financial instruments:

			March 31, 2017		March 31, 2016	
	Classification	Level	Carrying amount	Fair value	Carrying amount	Fair value
			(in thousands)			
Cash	FV	1	$ 3,268	$ 3,268	$ 2,051	$ 2,051
Accounts receivable	L&R	N/A	1,521	1,521	806	806
Trade and other payables	OL	N/A	8,902	8,902	2,549	2,549

Classification details are:
FV – fair value through profit or loss
L&R – loans and receivables
OL – other financial liabilities

Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of inputs used in the valuation.

Level 1 – Quoted prices are readily available from an active market.
Level 2 – Inputs, other than quoted prices included in Level 1, that are observable either directly or indirectly.
Level 3 – Inputs are not based on observable market data.

The fair value hierarchy is not applicable where the carrying amount approximates fair value due to the short-term nature of the financial instrument.

Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk through cash and accounts receivable. Cash is held with a major chartered Canadian bank and management believes the risk of loss to be minimal. The Company extends credit to its customers in the normal course of business and is exposed to credit risk in the event of non-performance by customers. The carrying amounts for accounts receivable are net of applicable allowances for doubtful accounts, which are estimated based on past experience, specific risks identified with the customer and other relevant information. STC monitors the credit risk and credit rating of customers on a regular basis.

The maximum exposure to credit risk is $4,789 thousand (March 31, 2016 - $2,857 thousand) equal to the carrying amount of the Company's financial assets (cash - $3,268 thousand (March 31, 2016 - $2,051 thousand) and accounts receivable - $1,521 thousand (March 31, 2016 - $806 thousand)).

The following table sets out details of the age of accounts receivables and allowance for doubtful accounts:

	March 31, 2017	March 31, 2016
	(in thousands)	
Gross accounts receivable:		
Current	$ 1,220	$ 489
Up to three months past due date	360	394
Greater than three months past due date	71	74
	1,651	957
Allowance for doubtful accounts, beginning of the period	(151)	(159)
Accounts written off	21	8
Allowance for doubtful accounts, end of the period	(130)	(151)
Net accounts receivable	**$ 1,521**	**$ 806**

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty meeting its financial obligations as they become due. All of the Company's financial liabilities are due within the next 12-month period. Management believes that the Company's ability to generate and acquire funds, including grants received from CIC, will support the settlement of these financial liabilities.

6. Capital management

STC obtains its funding from CIC by way of operating and capital grants authorized by Orders in Council. Throughout the period, operating and capital grant draws are made as necessary based on cash flow forecasts. STC also has an available line of credit of $500 thousand at the CIBC that it can draw upon.

STC's capital structure consists of equity, primarily in the form of retained earnings. STC does not have any debt. STC's capital structure is as follows:

	March 31, 2017	March 31, 2016
	(in thousands)	
Contributed surplus	$ 465	$ 465
Retained earnings	1,038	6,379
	$ 1,503	**$ 6,844**

7. Inventories

The cost of inventory recognized as an expense during the period in respect of continuing operations was $386 thousand (March 31, 2016 15-month period - $378 thousand).

During the period, inventory was written down to reflect net realizable value as not all inventory will be utilized in continuing operations but rather liquidated within the next 12-month period. A write down of $99 thousand (March 31, 2016 15-month period - $nil) was recognized within the statement of comprehensive (loss) income.

8. Assets held for sale

			March 31, 2017	March 31, 2016
	Cost	Accumulated depreciation	Net book value	Net book value
			(in thousands)	
Assets held for sale	$ 455	$ 451	$ 4	$ 4

At March 31, 2017, STC had fleet assets that are no longer in service and are available for sale. Management intends to dispose of these assets through public sale within the next 12 months. The carrying amount of these assets approximates fair value.

9. Property and equipment

	Land	Buildings	Vehicles	Other equipment	Total
			(in thousands)		
Cost or deemed cost					
Balance at December 31, 2014	$ 4,654	$ 34,821	$ 18,030	$ 9,096	$ 66,601
Additions	-	3,008	605	208	3,821
Assets held for sale	-	-	(742)	-	(742)
Disposals	-	-	-	(641)	(641)
Balance at March 31, 2016	4,654	37,829	17,893	8,663	69,039
Balance at March 31, 2016	**4,654**	**37,829**	**17,893**	**8,663**	**69,039**
Additions	**-**	**212**	**991**	**159**	**1,362**
Balance at March 31, 2017	**4,654**	**38,041**	**18,884**	**8,822**	**70,401**
Depreciation					
Balance at December 31, 2014	-	12,810	10,085	7,636	30,531
Depreciation	-	1,280	2,140	503	3,923
Assets held for sale	-	-	(721)	-	(721)
Disposals	-	-	-	(640)	(640)
Balance at March 31, 2016	-	14,090	11,504	7,499	33,093
Balance at March 31, 2016	**-**	**14,090**	**11,504**	**7,499**	**33,093**
Depreciation	**-**	**1,125**	**1,271**	**358**	**2,754**
Impairment	**-**	**10,987**	**3,197**	**476**	**14,660**
Balance at March 31, 2017	**-**	**26,202**	**15,972**	**8,333**	**50,507**
Carrying amounts					
At March 31, 2016	$ 4,654	$ 23,739	$ 6,389	$ 1,164	$ 35,946
At March 31, 2017	**$ 4,654**	**$ 11,839**	**$ 2,912**	**$ 489**	**$ 19,894**

The announcement by the Government of Saskatchewan that STC will be wound up provided indication that STC's property and equipment could be impaired. As a result, management was required to estimate the recoverable amount of its property and equipment.

The majority of STC's property and equipment will become available for sale following the cessation of vehicular operations on May 31, 2017. For these assets the recoverable amount was determined to be the estimated fair value less costs to sell. These assets were assessed on an individual basis to determine the estimated fair value less costs to sell using independent appraisals and valuations. Where the fair value less costs to sell was lower than the carrying amount, the asset was considered impaired and was written down to fair value less costs to sell. As a result, an impairment loss of $14,514 thousand was recognized within depreciation and impairment expense on the statement of comprehensive (loss) income.

Most of these assets were originally purchased with grant funding, and therefore the impairment loss for these assets was offset by the recognition of a corresponding $13,783 thousand of capital grant revenue. The net effect on total comprehensive (loss) income was $731 thousand. As a result of the impairment loss, property and equipment decreased by $14,514 thousand and deferred capital grant decreased by $13,783 thousand on the statement of financial position.

There are also items of property and equipment that will be abandoned rather than sold, such as software and licenses. For these assets the recoverable amount was determined, on an individual basis, to be the asset's value in use. The total carrying amount of these assets as of March 31, 2017 was $232 thousand while the total value in use was $86 thousand. The impairment loss of $146 thousand was recognized within depreciation and impairment expense on the statement of comprehensive (loss) income.

These assets were originally purchased with grant funding, and therefore the impairment loss was offset by the recognition of a corresponding $146 thousand of capital grant revenue for the period. There was no net effect on total comprehensive (loss) income. As a result of the impairment loss, property and equipment and the deferred capital grant each decreased by $146 thousand on the statement of financial position.

10. Non-monetary transactions

During the period, STC entered into non-monetary arrangements resulting in STC providing services in exchange for advertising and promotional services. The fair value of the transactions was determined based on the value of services provided as the services received were not reliably measurable. For the period, express and other revenue included $16 thousand (March 31, 2016 15-month period - $19 thousand) exchanged in such arrangements offset by a corresponding amount included in operating expenses.

11. Other revenue

Other revenue relates to activities outside the Company's core operations and consists of the following:

	March 31, 2017 (12 months)	March 31, 2016 (15 months)
	(in thousands)	
Bus maintenance services	$ 210	$ 328
Workers' Compensation Board rebate	438	209
Insurance settlement	700	-
Other	491	715
	$ 1,839	**$ 1,252**

12. Operating grant

Order in Council #282/2016 authorized STC to obtain grant funding up to $12,400 thousand for operating requirements during the period. During the period, STC obtained $12,400 thousand (March 31, 2016 15-month period - $13,250 thousand, Order in Council #83/2015 and #605/2015) of operating funding from CIC.

13. Capital grant

Order in Council #282/2016 authorized STC to obtain grant funding up to $1,800 thousand for capital requirements in the period. During the period, STC obtained $1,200 thousand (March 31, 2016 15-month period - $450 thousand, Order in Council #605/2015) of capital funding from CIC.

Order in Council #647/2013 authorized STC to obtain grant funding up to $3,820 thousand for structural and mechanical renovations to the Regina Maintenance Facility. STC did not obtain any of these grant funds during the period (March 31, 2016 15-month period - $2,970 thousand received and December 31, 2014 12-month period - $450 thousand received). STC completed the project under budget resulting in $421 thousand of authorized funds not being required. As a result, STC returned $21 thousand of grant funds that had been received but unused during the period.

Deferred capital grant consists of the following:

	March 31, 2017 (12 months)	March 31, 2016 (15 months)
	(in thousands)	
Deferred capital grant, beginning of the period	$ 30,233	$ 30,469
Capital grant received	1,200	450
Grant received - Regina Maintenance Facility renovations	-	2,970
Grant returned - Regina Maintenance Facility renovations	(21)	-
Capital grant revenue recognized	(16,456)	(3,656)
Deferred capital grant, end of the period	**$ 14,956**	**$ 30,233**

14. Pension contributions

In June 2015, STC became a participating employer with the Public Employees' Pension Plan, and all Capital Pension Plan balances were transferred to the Public Employee's Pension Plan. During the period, STC contributed $853 thousand to the Public Employees' Pension Plan which were expensed during the period (June 2015 to March 2016 - $692 thousand). From January 2015 to May 2015, STC made contributions to the Capital Pension Plan in the amount of $367 thousand.

15. Net change in non-cash working capital

	March 31, 2017 (12 months)	March 31, 2016 (15 months)
	(in thousands)	
(Increase) Decrease in:		
Accounts receivable	$ (715)	$ 505
Inventories	57	(26)
Prepaid expenses	88	66
	(570)	**545**
Increase (Decrease) in:		
Trade and other payables	6,353	(490)
	$ 5,783	**$ 55**

16. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Company by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties"). STC has elected to take a partial exemption under IAS 24 – *Related Party Disclosures* which allows government related entities to limit the extent of disclosures about related party transactions with government or other government-related entities.

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms.

On October 15, 2008, STC sold its former Regina head office building and land to SaskPower, a Saskatchewan Crown corporation. The sale was recorded as a related party transaction and as such, the excess of consideration received over the carrying amount of the property was credited to contributed surplus ($465 thousand).

In addition, the Company pays Saskatchewan Provincial Sales Tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of these purchases.

17. Key management personnel compensation

Key management personnel consist of the Company's directors and executive officers. Compensation to key management personnel consisted of short-term employee benefits (director remuneration, executive salaries and non-cash benefits) and post-employment benefits (Company contributions to defined contribution pension plan for executive).

Key management personnel compensation comprised:

	March 31, 2017 (12 months)	March 31, 2016 (15 months)
	(in thousands)	
Short-term employee benefits	$ 1,317	$ 1,719
Post-employment benefits	75	84
	$ 1,392	**$ 1,803**

ENSURING CORPORATE GOVERNANCE

STC followed a framework of rules and practices by which the Board of Directors ensured accountability, fairness and transparency.

CORPORATE GOVERNANCE

STC's Board of Directors are stewards for the organization representing the shareholder.

CORPORATE GOVERNANCE SCORECARD

STC's corporate governance practices were in alignment with the guidelines set forth in the Canadian Securities Administrators (CSA) *National Policy 58-201* and *National Instrument 58-101*.

CORPORATE GOVERNANCE

AUTHORITY

Established in 1946, the Saskatchewan Transportation Company (STC) is a Crown corporation of the province of Saskatchewan. STC is subject to *The Crown Corporations Act, 1993*, which provides the Crown Investments Corporation of Saskatchewan (CIC), the holding company for Saskatchewan's Crown corporations, the authority to establish the direction of the Corporation.

STC reports to CIC on a regular basis on matters such as the Balanced Scorecard results, financial statements and forecasts, capital expenditures and grant requirements. STC also provides ad hoc reports to CIC upon request.

BOARD OF DIRECTORS

Role of the Board

The primary function of the STC Board of Directors (Board) is to represent the shareholder as stewards of the Corporation. The Board has a statutory authority and obligation to oversee the affairs and business of the Corporation. The Board oversees Executive Officers, who are responsible for day-to-day operations, and through the Chief Executive Officer (CEO), sets the standards of organizational conduct and performance.

Through the Chair, the Board of Directors is accountable to the Minister responsible for Saskatchewan Transportation Company. The Minister functions as a link between STC and Cabinet, as well as the provincial legislature.

The CEO leads the development and implementation of strategic initiatives, policies, operating and capital budgets, makes recommendations and implements board-approved initiatives, liaises with the Minister acting on behalf of the Province and shareholder, and manages the day-to-day business. The Minister responsible for STC and Cabinet are tasked to communicate broad objectives for the Corporation and empower the Board to oversee the business of the Corporation.

The Board has its own Terms of Reference, along with responsibilities laid out in accordance with "best practices" for corporate governance, as developed by the Canadian Securities Administrators.

There were eight (8) Board meetings in the 2016-17 fiscal year. The following are the Director's attendance statistics:

Director	Meetings Attended[1]
Mitchell Holash, Q.C.	8/8
Jocelyn Hutchinson	8/8
Kevin Dureau[2]	2/2
Cherilyn Jolly-Nagel[2]	2/2
John Breakey[3]	6/6
Amanda Crashley[3]	6/6
Véronique Loewen	8/8
Mervin Massier[3]	6/6
Mervin Schneider	8/8
Brad Sylvester[2]	2/2
Kim Wondrasek[2]	2/2
Delmer Wagner[3]	6/6

[1] For the purpose of this report, members who attended meetings in part were considered to be present.
[2] The appointment to the Board began on November 28, 2016.
[3] The appointment to the Board ended on November 28, 2016.

Board Compensation

The 2016-17 remuneration and expense schedules for the Board were determined by CIC and adhered to by STC.

Directors were paid an annual retainer and per diems:

Board Chair Retainer (Annual)	$20,000
Board Member Retainer (Annual)	$14,000
Audit and Finance Committee Chair Retainer (Annual)	$2,600
Other Committee Chair Retainer (Annual)	$2,000
Committee Member Meeting Fee (Daily)	$650

Board Priorities and Risk Oversight

In 2016-17, the Board of Directors focused on areas that could positively impact the organization's financial performance and risk mitigation. Semi-annual reviews of the enterprise risk management framework ensured the Board understood that effective risk management processes were in place and functioning effectively. Approval of the annual business plan ensured that management understood the direction of the Company.

BOARD COMPOSITION

The STC Board consists of independent directors who are appointed for a set term by the Lieutenant Governor in Council. The Lieutenant Governor in Council also designates the Chair and Vice-Chair of the Board.

STC would like to thank the previous members of the Board of Directors whose appointments ended in 2016-17 for their time dedicated to the organization.

As of March 31, 2017, the composition of the Board was as follows:

Mitchell Holash *Board Chair*

Mitchell Holash, Q.C. is a senior partner with Novus Law Group based in Prince Albert, having been awarded the professional distinction of Queen's Counsel. Mr. Holash is currently Chairman of the Saskatchewan Honours Advisory Council, and has served as Chairman of the Saskatchewan Police Commission, as the Governance Committee Chairman for SaskPower, as a Director of the Saskatchewan Arts Board and Saskatchewan Sports Hall of Fame and as Vice Chair and Trustee for the Saskatchewan Foundation for the Arts. He is appointed nationally to the Oversight Committee for the Indian Residential School Adjudication Secretariat. Mr. Holash has been awarded the Saskatchewan Volunteer Medal, the Saskatchewan Centennial Medal and the Saskatchewan Association of Community Planners Community Development Award, and has been a recipient of both Prince Albert's Citizen of the Year and Sportsman of the Year Awards.
Audit and Finance Committee Member
Compensation Committee Chair

Jocelyn Hutchinson *Board Vice-Chair*

Jocelyn Hutchinson recently retired from the position of Manager of Marketing and Brand Development at IM Wireless Communications Inc., The Wireless Age, a well-established participant in Canada's wireless industry in partnership with SaskTel. Her past experience as a Regina City Councillor, Ward 2 from 2006 to 2012 afforded her the opportunity to participate in the City's senior decision-making and policy body. Currently she is Honorary LCol. of the Saskatchewan Dragoons and CFLC Board Member. Mrs. Hutchinson was also Past President of Regina Queen City Kinette Club, a Committee Member of Kinsmen Telemiracle Organizing Committee and continues to be a regular participant in local charities and community organizations.
Audit and Finance Committee Member
Compensation Committee Member

Kevin Dureau

Kevin Dureau is the Director of Operations and Business Development for the A1 Group, Director of Business Development for Navigate Surgical Technologies, Partner On Course Marketing, and Partner Check-It Solutions based in Regina. Mr. Dureau is on the Saskatchewan Sports Hall of Fame Board of Directors and is on the Inductee selection committee.
Governance and Corporate Responsibility Committee Member

Cherilyn Jolly-Nagel

Cherilyn Jolly-Nagel along with her husband and family, farm in Mossbank. Mrs. Jolly-Nagel has been appointed to the Agriculture Development Fund and is Chair of the Saskatchewan Agri-Value Initiative. She travels extensively, representing farmer's views on international trade and just recently has been appointed to sit as an International Director for the Global Farmer Network. Experienced in media relations, Mrs. Jolly-Nagel is an energetic speaker with more than 30 appearances in 2016 and enjoys promoting positive stories of agricultural successes. She is currently working with Farm and Food Care Saskatchewan to facilitate training for other farmers on how to share a positive message about the sustainable food grown in her home province and across the country.
Audit and Finance Committee Member

Véronique Loewen

Véronique Loewen is the Communications Manager for AREVA Resources Canada Inc. and an English-French translation services provider with Verolingo Communications based in Saskatoon. Mrs. Loewen is involved in several charitable, community and professional organizations, including Women in Mining/Women in Nuclear Saskatchewan, the Saskatchewan Mining Association and the Children's Hospital Foundation of Saskatchewan.

Governance and Corporate Responsibility Committee Chair
Compensation Committee Member

Mervin Schneider

Mervin Schneider is a Prince Albert-based retired Chartered Professional Accountant (CPA, CA), serving over 38 years in public practice with Deloitte & Touche including terms on Executive Committee, Office Managing Partner and Audit and Assurance Partner. He is currently operating a small business consulting practice and serving on a number of profit and non-profit Boards, including STC since 2011. Mr. Schneider completed training and received a Chartered Director (C.Dir.) designation from McMaster University in 2012.

Audit and Finance Committee Chair
Compensation Committee Member

Brad Sylvester

Brad Sylvester has 40 years of sales and marketing experience in consumer packaged goods and is currently National Account Manager for Sofina Foods Inc. He was a member of the Board of Directors of Information Services Corporation until May 2016 and currently serves on the board of the Sandra Schmirler Foundation, the Parkinson Society Canada Saskatchewan advisory board, as Vice Chair of the District Planning Commission for Saskatoon and RM of Corman Park, and co-Chair of the Canada Celebrates 150 at Optimist Canada Day 2017. Mr. Sylvester was recognized for his contributions to his community with the Saskatchewan Centennial Medal in 2005, the Toyota Never Quits Award in 2006 and the Queen Elizabeth Diamond Jubilee Commemorative Medal in 2013. He attained the Chartered Director (C.Dir.) designation from McMaster University in 2012.

Governance and Corporate Responsibility Committee Member
Compensation Committee Member

Kim Wondrasek

Kim Wondrasek is the owner and operator of the Langenburg ESSO. She, her husband Troy, and another couple built the gas station, convenience store, bakery and car wash in 2015. Mrs. Wondrasek has ten years of project experience in economic development as past Business Coordinator for Parkland College, CEO of the Saskatchewan East Enterprise Region and Yellowhead Regional Economic Development Association and continues to lead strategic planning sessions around the province. She has served one term on the Town of Langenburg Council and was on the inaugural Board of Directors for the Family & Friends Community Foundation. Mrs. Wondrasek continues to participate in local charities and community organizations, including Langenburg & District School Project Inc., and as past President of the Saskatchewan Economic Development Association. She was awarded her Ec.D. designation from the Economic Development Association of Canada, as well as an Economic Development Certificate from the University of Waterloo.

Governance and Corporate Responsibility Committee Member

BOARD COMMITTEES

To assist the Board in fulfilling its obligations and meeting its responsibilities, the Board has statutory authority to establish any committees it considers necessary for the efficient conduct of the Corporation's business affairs and to prescribe duties to any committee it appoints. Each committee has its own Terms of Reference, updated annually, which outlines its authority and areas of responsibility. Delegation of responsibility by the Board to a committee does not absolve the full Board from responsibility for a committee's work or decisions. The Board Chair is ex-officio on all Board Committees not already appointed to and may attend any meeting as appropriate.

The following committees acted in an advisory capacity to the Board of Directors in 2016-17. Committee members are listed as of March 31, 2017.

Audit and Finance

Chair: Mervin Schneider
Committee Members: Mitchell Holash, Jocelyn Hutchinson, Cherilyn Jolly-Nagel

The Audit and Finance Committee assists the Board in fulfilling its obligations and responsibilities for:

- overseeing the overall financial management of STC to ensure the integrity of internal financial controls and reporting processes;
- overseeing the provision of relevant and timely financial information to the Board;
- the appointment of the external auditor; and,
- ensuring appropriate follow-up of audit results.

Governance and Corporate Responsibility

Chair: Véronique Loewen
Committee Members: Kevin Dureau, Brad Sylvester, Kim Wondrasek

The Governance and Corporate Responsibility Committee assists the Board in fulfilling its obligations and responsibilities for:

- developing and recommending best corporate governance practices and the annual strategic planning processes;
- overseeing human resource strategies, programs and practices;
- ensuring the Corporation is proactive in addressing safety, health and environmental issues, and is in compliance with all statutory requirements;
- reviewing the Terms of Reference for the Board and Committees and the skills matrix required for the Board complement;
- managing evaluations of the Board, Committees, Chair and Director performance; and,
- providing oversight to the Corporation's code of conduct and ethics.

Compensation

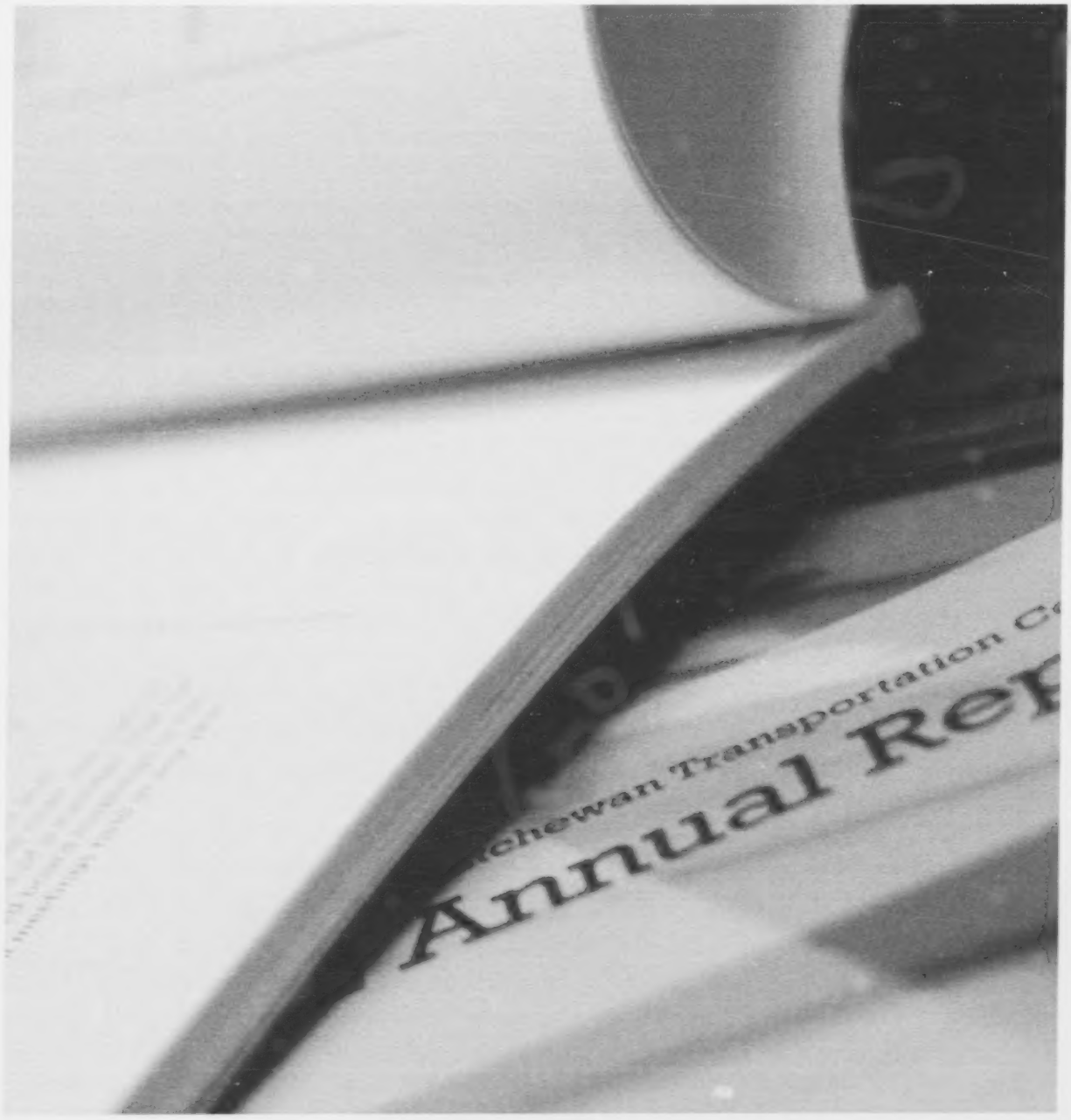
Chair: Mitchell Holash
Committee Members: Jocelyn Hutchinson, Véronique Loewen, Mervin Schneider, Brad Sylvester

The Compensation Committee assists the Board in fulfilling its obligations and responsibilities for:

- making recommendations on the recruitment of the President and Chief Executive Officer (CEO);
- making recommendations on the goals and objectives, conducting annual performance evaluations, and recommending a compensation package for the President and CEO; and,
- making recommendations on Executive Compensation in accordance with CIC's Executive Compensation Framework.

CORPORATE GOVERNANCE SCORECARD

STC's approach to corporate governance practices is consistent with the guidelines set forth in the Canadian Securities Administrators (CSA) *National Policy 58-201 Corporate Governance Guidelines* and *National Instrument 58-101 Disclosure of Corporate Governance Practices*. These CSA guidelines outline national governance requirements for publicly traded companies and address areas of responsibility for effective corporate governance. While the Saskatchewan Transportation Company is not a publicly traded company, its practices are benchmarked against these current industry best practices.



CSA Corporate Governance Policy, NP 58-201	STC Governance Practices 2016-17
COMPOSITION OF THE BOARD	
3.1 The Board should have a majority of independent directors.	**Consistent with CSA Guidelines - Yes** All directors of the STC Board are independent members.
3.2 The chair of the board should be an independent director. Where this is not appropriate, an independent director should be appointed to act as "lead director". However, either an independent chair or an independent lead director should act as the effective leader of the board and ensure that the board's agenda will enable it to successfully carry out its duties.	**Consistent with CSA Guidelines - Yes** The Chair of the Board is an independent director who provides effective leadership in all Board activities. Through meeting agendas, the Chair ensures that all required information and decision items are brought forward in a timely and effective manner enabling the Board to successfully carry out its mandate and responsibilities. The Chair also serves as liaison between the Board and the shareholder.
MEETINGS OF INDEPENDENT DIRECTORS	
3.3 The independent directors should hold regularly scheduled meetings which non-independent directors and members of management are not in attendance.	**Consistent with CSA Guidelines - Yes** As a standing agenda item, the Board holds an in-camera session without management present at each regular meeting. All directors participate in the sessions, except where a director has a conflict with an item under discussion.
BOARD MANDATE	
3.4 The board should adopt a written mandate in which it explicitly acknowledges responsibility for the stewardship of the issuer, including responsibility for: (a) To the extent feasible, satisfying itself as to the integrity of the chief executive officer (the CEO) and other executive officers and that the CEO and other executive officers create a culture of integrity throughout the organization; (b) Adopting a strategic planning process and approving, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the business; (c) The identification of the principal risks of the issuer's business, and ensuring the implementation of appropriate systems to manage these risks; (d) Succession planning (including appointing, training and monitoring senior management); (e) Adopting a communication policy for the issuer; (f) The issuer's internal control and management information systems; and,	**Consistent with CSA Guidelines - Yes** The function of the Board is to act as stewards of the Corporation. The Board has a statutory authority and obligation to manage the affairs and business of the Corporation. While the fundamental objective of the Board is to act in the best interests of the Corporation, the Board has a responsibility to ensure congruence between stakeholder expectations, corporate plans and management performance. The Board of Directors has a written Terms of Reference, which is reviewed annually. These terms outline its responsibilities and principal duties. (a) One of the Board's principal duties is to appoint, monitor and evaluate the performance of the President and CEO, taking appropriate action as warranted. The Governance and Corporate Responsibility Committee has established reporting standards to promote a culture of ethical business conduct among other executive officers.

CSA Corporate Governance Policy, NP 58-201	STC Governance Practices 2016-17
BOARD MANDATE | continued	
(g) Developing the issuer's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the issuer. The written mandate of the board should also set out (i) measures for receiving feedback from stakeholders (e.g., the board may wish to establish a process to permit stakeholders to directly contact the independent directors), and (ii) expectations and responsibilities of directors, including basic duties and responsibilities with respect to attendance at board meetings and advance review of meeting materials. Issuers may consider appointing a corporate governance committee to consider these issues. A corporate governance committee should have a majority of independent directors, with the remaining members being "non-management" directors.	(b) The Board participates in an annual strategic planning process with officers and senior management. The outcome of this process establishes the core objectives and strategic direction of the Corporation for the upcoming year. A complete strategic plan is approved annually and includes the identification of business opportunities, threats, new initiatives, operating goals and performance measures. (c) A principal duty of the Board is to identify principal risks of the business in which the Corporation is engaged, to achieve a proper balance between risks incurred and potential returns and to oversee the implementation of appropriate systems to manage the risks. The Enterprise Risk Management matrix is a key tool for the Board. (d) The Board has delegated the responsibility of succession planning to the Governance and Corporate Responsibility Committee to oversee. The Committee reviews the plan on an annual basis and reports its findings to the Board. (e) The Board adopts policies and processes to enable effective communication with the shareholder, stakeholders and the public. (f) The Board monitors the integrity of the Corporation's internal control and management information systems through the CEO/CFO Certification process and through work with both internal and external auditors. (g) The Board has delegated the Corporation's approach to corporate governance to the Governance and Corporate Responsibility Committee to oversee. STC surveys internal and external stakeholders to obtain feedback about corporate activities. The Chair of the Board participates in a forum established by CIC, which is comprised of the chairs of all subsidiary Crown Boards and senior CIC officials, where issues of mutual interest and concern are shared. The Board's Terms of Reference outlines expectations and responsibilities of directors and it also provides the Chair the right to recommend to CIC the removal or replacement of a member that has missed two consecutive regularly scheduled Board meetings or has attended fewer than sixty per cent of all meetings held in any year. STC is not an issuer.

CSA Corporate Governance Policy, NP 58-201	STC Governance Practices 2016-17
POSITION DESCRIPTIONS	
3.5 The board should develop clear position descriptions for the chair of the board and the chair of each board committee. In addition, the board, together with the CEO, should develop a clear position description for the CEO, which includes delineating management's responsibilities. The board should also develop or approve the corporate goals and objectives that the CEO is responsible for meeting.	**Consistent with CSA Guidelines - Yes** *The Crown Corporations Act, 1993* subsection 23 (5) and CIC's "Chair of the Board Terms of Reference" outline the primary duties of the Chair of the Board. There is a Terms of Reference for the Board and each Committee of the Board and written position descriptions are in place for the Chair, each Committee Chair and the CEO. The Board's Terms of Reference sets out matters that require Board approval and delegate other matters to management. The Board annually approves a strategic business plan and performance management plan, which includes the corporate objectives and goals (Balanced Scorecard targets) for the upcoming year. The CEO is ultimately responsible to the Board for meeting these goals and objectives.
ORIENTATION AND CONTINUING EDUCATION	
3.6 The board should ensure that all new directors receive a comprehensive orientation. All new directors should fully understand the role of the board and its committees, as well as the contribution individual directors are expected to make (including, in particular, the commitment of time and resources that the issuer expects from its directors). All new directors should also understand the nature and operation of the issuer's business.	**Consistent with CSA Guidelines - Yes** Orientation sessions are held between management and directors, providing insights into the business and its operations. Written reference materials are provided to supplement these orientation sessions. The Board also receives regular operations and management updates at each of its regular meetings. In the circumstance that there are new Board members appointed, a Board orientation will be scheduled.
3.7 The board should provide continuing education opportunities for all directors, so that individuals may maintain or enhance their skills and abilities as directors, as well as to ensure their knowledge and understanding of the issuer's business remains current.	**Consistent with CSA Guidelines - Yes** CIC's Board Training Program covers all the Crown corporations' education programs. All STC Board members have the opportunity to take part in various sessions of this training throughout the year.

CSA Corporate Governance Policy, NP 58-201	STC Governance Practices 2016-17
CODE OF BUSINESS CONDUCT AND ETHICS	
3.8 The board should adopt a written code of business conduct and ethics (a code). The code should be applicable to directors, officers and employees of the issuer. The code should constitute written standards that are reasonably designed to promote integrity and to deter wrongdoing. In particular, it should address the following issues: (a) Conflicts of interest, including transactions and agreements in respect of which a director or executive officer has a material interest; (b) Protection and proper use of corporate assets and opportunities; (c) Confidentiality of corporate information; (d) Fair dealing with the issuer's security holders, customers, suppliers, competitors and employees; (e) Compliance with laws, rules and regulations; and, (f) Reporting of any illegal and unethical behaviour.	**Consistent with CSA Guidelines - Yes** Directors and officers must comply with *The Crown Corporations Act, 1993* Part VI, which explicitly outlines duty of care, conflict of interest and indemnification. The Board must also comply with CIC's *Directors' Code of Conduct*, which is applicable to all directors of its subsidiary Crown Boards. A copy of the *Director's Code of Conduct* can be obtained by contacting the Corporate Secretary to the Board. The Board provides annual attestation for compliance with the *Directors' Code of Conduct*. Officers and employees of the Corporation must comply with STC's *Code of Ethical Conduct*. Management reports on the compliance with the Corporation's *Code of Ethical Conduct* to the Governance and Corporate Responsibility Committee quarterly.
3.9 The board should be responsible for monitoring compliance with the code. Any waivers from the code that are granted for the benefit of the issuer's directors or executive officers should be granted by the board (or a board committee) only.	**Consistent with CSA Guidelines - Yes** The Governance and Corporate Responsibility Committee has the duty and responsibility to administer the *Director's Code of Conduct*, reports on compliance with the code and provides advice to the directors on conflict of interest.
NOMINATIONS OF DIRECTORS	
3.10 The board should appoint a nominating committee composed entirely of independent directors.	**Consistent with CSA Guidelines - Yes** The Governance and Corporate Responsibility Committee functions as the nominating committee and is comprised of all independent Board members.
3.11 The nominating committee should have a written charter that clearly establishes the committee's purpose, responsibilities, member qualifications, member appointment and removal, structure and operations (including any authority to delegate to individual members and subcommittees), and manner of reporting to the board. In addition, the nominating committee should be given authority to engage and compensate any outside advisor that it determines to be necessary to permit it to carry out its duties. If an issuer is legally required by contract or otherwise to provide third parties with the right to nominate directors, the selection and nomination of those directors need not involve the approval of an independent nominating committee.	**Consistent with CSA Guidelines - Yes** The Governance and Corporate Responsibility Committee's Terms of Reference establishes the Committee's role and responsibility to act as advisors to the Board regarding purpose and responsibilities that include the objectives to advise the Board regarding nominees for positions on the Board of Directors. If the Committee deems it necessary, it has the authority to engage outside professional advisors to properly discharge its functions, duties and responsibilities. There are no third party nominations to the Board of Directors.

CSA Corporate Governance Policy, NP 58-201	STC Governance Practices 2016-17
NOMINATIONS OF DIRECTORS | continued	
3.12 Prior to nominating or appointing individuals as directors, the board should adopt a process involving the following steps: (a) Consider what competencies and skills the board, as a whole, should possess. In doing so, the board should recognize that the particular competencies and skills required for one issuer may not be the same as those required for another. (b) Assess what competencies and skills each existing director possesses. It is unlikely that any one director will have all the competencies and skills required by the board. Instead, the board should be considered as a group, with each individual making his or her own contribution. Attention should also be paid to the personality and other qualities of each director, as these may ultimately determine the boardroom dynamic. The board should also consider the appropriate size of the board, with a view to facilitating effective decision-making. In carrying out each of these functions, the board should consider the advice and input of the nominating committee.	**Consistent with CSA Guidelines - Yes** The Board's nomination process as outlined in the Terms of Reference of the Governance and Corporate Responsibility Committee meets these guidelines. The Board, with the assistance of the Corporate Secretary, undertakes an annual review of the Board skills matrix. As stated in its Terms of Reference, the Board shall be comprised of not more than ten (10) members. Board members are appointed by Order in Council.
3.13 The nominating committee should be responsible for identifying individuals qualified to become new board members and recommending to the board the new director nominees for the next annual meeting of shareholders.	**Consistent with CSA Guidelines - Yes** As outlined in its Terms of Reference, the Governance and Corporate Responsibility Committee has the responsibility to advise the Board regarding the composition of the Board and may put forward, for consideration, qualified candidates to fill vacant positions, which are then forwarded to CIC for consideration and decision. The shareholder has the legislative authority to make Board appointments and all appointments are by Order in Council.

CSA Corporate Governance Policy, NP 58-201	STC Governance Practices 2016-17
NOMINATIONS OF DIRECTORS | continued	
3.14 In making its recommendations, the nominating committee should consider: (a) The competencies and skills that the board considers to be necessary for the board, as a whole, to possess; (b) The competencies and skills that the board considers each existing director to possess; and, (c) The competencies and skills each new nominee will bring to the boardroom. The nominating committee should also consider whether or not each new nominee can devote sufficient time and resources to his or her duties as a board member.	**Consistent with CSA Guidelines - Yes** The Committee reviews the competencies required by the Board and the skills of current directors annually or as required, and identifies gaps in skill sets on the Board. Executive Council is responsible for considering how the skills and competencies of each candidate fit with the skill gaps identified by the Board and for determining that nominees have the time and resources to fulfil their duties as a Board member.
COMPENSATION	
3.15 The board should appoint a compensation committee composed entirely of independent directors.	**Consistent with CSA Guidelines - Yes** The Board appoints a Compensation Committee. The minimum composition of this Committee is the Board Chair, the Vice-Chair, the Chair of Governance and Corporate Responsibility and the Chair of Audit and Finance.
3.16 The compensation committee should have a written charter that establishes the committee's purpose, responsibilities, member qualifications, member appointment and removal, structure and operations (including any authority to delegate to individual members or subcommittees), and the manner of reporting to the board. In addition, the compensation committee should be given authority to engage and compensate any outside advisor that it determines to be necessary to permit it to carry out its duties.	**Consistent with CSA Guidelines - Yes** The Compensation Committee is established by the Board of Directors and has a Terms of Reference that establishes the duties and responsibilities of this Committee. If the Committee deems it necessary, it has the authority to engage outside professional advisors to properly discharge its functions, duties and responsibilities.
3.17 The compensation committee should be responsible for: (a) Reviewing and approving corporate goals and objectives relevant to CEO compensation, evaluating the CEO's performance in light of those corporate goals and objectives, and determining (or making recommendations to the board with respect to) the CEO's compensation level based on this evaluation; (b) Making recommendations to the board with respect to non-CEO officer and director compensation, incentive-compensation plans and equity-based plans; and, (c) Reviewing executive compensation disclosure before the issuer publicly discloses this information.	**Consistent with CSA Guidelines - Yes** The Compensation Committee completes an annual performance evaluation of the President and CEO and recommends a ranking to the Board for approval. They also make recommendations on executive compensation in accordance with CIC's *Executive Compensation Framework*. Respecting non-CEO officer compensation, the Compensation Committee is responsible for recommending, to the Board, management compensation packages, performance compensation programs and annual performance targets. The Board reviews and approves the achievement of corporate targets annually

CSA Corporate Governance Policy, NP 58-201	STC Governance Practices 2016-17
COMPENSATION | continued	
	and the extent to which the targets are achieved determines management's eligibility for performance compensation. Executive compensation decisions are subject to any guidelines established by CIC. Director compensation is determined by CIC. CEO, officer and employee compensation disclosure occurs in the form of an annual Crown payee list, which is recommended to the Board by the Audit and Finance Committee. Upon Board approval, the payee list is submitted and publicly disclosed through tabling with the Crown and Central Agencies Committee of the legislature. Under the *Crown Employment Contracts Act*, the CEO, officers and senior managers, who report directly to the CEO, are also required to file their employment contract details to the Clerk of the Executive Council.
REGULAR BOARD ASSESSMENTS	
3.18 The board, its committees and each individual director should be regularly assessed regarding his, her or its effectiveness and contribution. An assessment should consider: (a) In the case of the board or a board committee, its mandate or charter, and (b) In the case of an individual director, the applicable position description(s), as well as the competencies and skills each individual director is expected to bring to the board.	**Consistent with CSA Guidelines - Yes** The Governance and Corporate Responsibility Committee, with the assistance of the Corporate Secretary to the Board, is responsible for conducting such evaluations and reporting results to the Board. Performance evaluations on all CIC subsidiary Crown Corporation Boards are conducted on a two-year cycle. In 2016-17, evaluations of the Board and the Board Chair were completed. All director peer, Committee Chair and Board Committee evaluations were conducted in 2015-16. The Board and its Committees review their Terms of Reference annually. Directors' skills are reviewed annually; individual directors are plotted on a skills matrix and are assessed as part of a regular peer review.

In 2015, STC adopted the CSA Amendment Instrument for *National Instrument 58-101* respecting disclosure of director terms and the representation of women on the Board and in Executive Officer positions as outlined in the following table.

CSA Corporate Governance Policy, NI 58-101	STC Governance Practices 2016-17
TERM LIMITS	
NI 58-101F1, section 10 Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.	**Consistent with CSA Guidelines - Partial Compliance** The Lieutenant Governor in Council, pursuant to *The Crown Corporation Act, 1993*, has the responsibility and the legislative authority to remove and appoint Board Directors. All appointments are sanctioned by Order in Council, and Directors appointments are not subject to term limits. A Committee and Board Effectiveness Review occurs annually in the fourth quarter. This review provides confirmation from each Committee and the Board on the effectiveness of their responsibilities and duties as outlined in their Terms of the Reference. Performance evaluations on all CIC subsidiary Crown Corporation Boards are conducted on a two-year cycle. In 2016-17, evaluations of the Board and the Board Chair were completed. All director peer, Committee Chair and Board Committee evaluations were conducted in 2015-16.
REPRESENTATION OF WOMEN	
NI 58-101F1, section 11 (a) Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so. (b) If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy: (i) a short summary of its objectives and key provisions, (ii) the measures taken to ensure that the policy has been effectively implemented, (iii) annual and cumulative progress by the issuer in achieving the objectives of the policy, and (iv) whether and, if so, how the board or its nominating committee measures the effectiveness of the policy.	**Consistent with CSA Guidelines - Partial Compliance** Crown Investments Corporation of Saskatchewan (CIC), has a written "Board of Directors' Appointment Policy", which has been adopted by the Corporation. While the policy does not specifically refer to the identification and nomination of women directors, it requires Crown Boards to include "diversity candidates." The term "diversity candidates" is not defined, but is interpreted by CIC as including women, Aboriginal persons and visible minorities. CIC maintains statistics regarding the diversity of each Crown Board, including progress made in the percentage of women serving on Crown Boards. Annually, the STC Governance and Corporate Responsibility Committee analyzes the composition of the Board which includes the degree of diversity representation and provides input to CIC. CIC forwards information to the shareholder to be considered when Board appointment decisions are made. This information includes the recommendations, diversity statistics and skill sets required for the Board.

CSA Corporate Governance Policy, NI 58-101	STC Governance Practices 2016-17
REPRESENTATION OF WOMEN | continued	
NI 58-101F1, section 12 Disclose whether and, if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. If the issuer does not consider the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board, disclose the issuer's reasons for not doing so.	**Consistent with CSA Guidelines - Partial Compliance** Annually, the STC Governance and Corporate Responsibility Committee reviews and analyzes the composition of the Board which includes the level of diversity representation. The Committee also evaluates the level of gender balance within the Board membership and results of the review are then provided to the shareholder for consideration. Subsequently, the shareholder has the legislative authority to make Board appointments and all appointments are by Order in Council. Decisions in regard to the identification and nomination of women appointed to the Board are the responsibility of the shareholder.
NI 58-101F1, section 13 Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.	**Consistent with CSA Guidelines - Yes** Executive officer appointments are made by the CEO. The CEO gives consideration to the level of representation of women in executive officer positions, along with other relevant factors, when making executive officer appointments.
NI 58-101F1, section 14 (a) For purposes of this Item, a "target" means a number or percentage, or a range of numbers or percentages, adopted by the issuer of women on the issuer's board or in executive officer positions of the issuer by a specific date. (b) Disclose whether the issuer has adopted a target regarding women on the issuer's board. If the issuer has not adopted a target, disclose why it has not done so. (c) Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so. (d) If the issuer has adopted a target referred to in either (b) or (c), disclose: (i) the target, and (ii) the annual and cumulative progress of the issuer in achieving the target.	**Consistent with CSA Guidelines - Partial Compliance** Although the CIC policy requires Crown Boards to include "diversity candidates," the CIC policy does not adopt a specific target for representation of women on the Board. The shareholder has the legislative authority and responsibility to make Board appointments including the identification and nomination of women directors for the Board of Directors. Executive officer appointments are made by the CEO. The CEO gives consideration to the level of representation of women in executive officer positions, along with other relevant factors, when making executive officer appointments. Although STC has not formally adopted a target or policy for women sitting in executive officer positions, there is an organization-wide target of 46 per cent for females in underrepresented occupations. STC reports on this target annually to the Board of Directors, Canadian Human Rights Commission and the Saskatchewan Human Rights Commission.

CSA Corporate Governance Policy, NI 58-101	STC Governance Practices 2016-17
REPRESENTATION OF WOMEN | continued	
	Women make up 44 per cent of the senior managers and 50 per cent of the Executive team. Rather than instituting a target or quota for executive officers, STC has emphasized the importance of developing the internal talent pipeline at both the management and executive level.
NI 58-101F1, section 15 (a) Disclose the number and proportion (in percentage terms) of directors on the issuer's board who are women. (b) Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.	**Consistent with CSA Guidelines - Yes** At the end of 2016-17, STC had four (4) of the eight (8) or 50 per cent of director positions filled by women (37.5 per cent in 2015-16; 37.5 per cent in 2014). As of March 31, 2017, three (3) of the six (6) or 50 per cent of the executive officers at STC were women (50 per cent in 2015-16; 33.3 per cent in 2014).

STC

CORPORATE DIRECTORY

STC's dedicated staff worked hard to provide passenger and freight services across the broad provincial network.

DIVISIONS OF STC

STC's divisions worked together towards the Company's vision to be the best passenger and freight company in Canada.

CORPORATE DIRECTORY

STC's senior team provided leadership and direction in the achievement of the strategic goals.

ROUTE MAP

STC's network spanned the province and provided passenger and freight services to 253 communities.

CUSTOMER SERVICES AND OPERATIONS

The Customer Services and Operations Division was responsible for passenger, parcel express and maintenance services. The Division included the following components:

Passenger Services

This area handled functions that included operating motor coaches, issuing of tickets, scheduling, maintenance of tariffs, dispatching of buses and drivers, managing the network of agencies and the maintenance and management of buildings. In addition to regular passenger services, charter services were also operated and managed in this area.

Parcel Express Services

Parcel Express Services was responsible for the freight and baggage handling for all STC schedules and connecting carriers. Door-to-door pickup and delivery services were available in Regina, Saskatoon, Prince Albert and in some designated rural agencies.

Maintenance Services

The primary responsibilities of Maintenance Services were to repair, provide preventative maintenance and store STC vehicles. These duties were performed in the service garages in Saskatoon and Regina and when required, this group handled on-the-road servicing of STC coaches. Maintenance Services handled the procurement of all coaches and corporate vehicles. Cleaning services, maintenance and storage were also provided on a contract basis for coaches of other carriers.

CORPORATE SYSTEMS AND TECHNOLOGY

The Corporate Systems and Technology division was responsible for the reliability and integrity of data, electronic communications, software applications and web services at STC. By implementing and maintaining efficient business processes through the introduction of new technologies, it ensured that ticketing and freight systems across Saskatchewan were capable of serving STC's customers in a quick and convenient manner.

The division provided technical support across the province to employees operating a variety of systems that support the business, as well as to major customers that had STC shipping systems in their distribution centres.

The Corporate Systems and Technology division was also responsible for procurement and management of all corporate hardware and software.

FINANCE

The Finance Division provided the information required to monitor STC's performance and make effective decisions. The division delivered accurate financial reporting, budgeting and forecasting; assessed risk and insurance requirements; oversaw legislative and regulatory compliance monitoring; managed the procurement of goods and service; and, monitored internal control functions. In addition, specific groups within the division were responsible for billing and collection of revenue, issuing payments to suppliers, monitoring reports from agencies, and processing reclaims with partner carriers.

HUMAN RESOURCES AND PAYROLL

The Human Resources and Payroll Division provided leadership and strategic human resource advice and support to ensure STC had a strong and committed workforce. To ensure a standard of excellence, the division delivered human resource services, including recruitment and retention; labour relations; human resource policy and planning; learning and development; organizational development and design; payroll and benefits administration; occupational health and safety; transport compliance; diversity; and rehabilitation/ return to work programs. The division played a key role in representing the employer during collective agreement bargaining with the Amalgamated Transit Union Local 1374 and contributed to a positive employer and employee relationship.

STRATEGIC PLANNING AND COMMUNICATIONS

The Strategic Planning and Communications Division was responsible for corporate promotions, communications and strategic planning. Promotional advertising, corporate branding and public relations were tools used to drive revenues for the organization in both passenger and parcel express services. Ensuring effective communications between the Company and its shareholder Crown Investments Corporation of Saskatchewan (CIC), the media and the Government of Saskatchewan were important services provided by this area.

The division established STC's planning process, its strategic business plans and reports on performance and governance compliance. It also had responsibility for privacy of information and requests under freedom of information legislation.

EXECUTIVE

COMPENSATION PHILOSOPHY

STC followed the compensation philosophy as outlined in the Crown Investments Corporation of Saskatchewan, *Crown Executive Compensation Policy, Procedures and Guidelines*.

Salary ranges for STC's Executive Team, as of March 31, 2017, were:
President and Chief Executive Officer: $151,816 to $189,769
Other Executive members: $109,685 to $161,303

EXECUTIVE OFFICERS

Shawn Grice *President and Chief Executive Officer*
Shawn Grice was appointed as STC's President and Chief Executive Officer (CEO) in August 2010, after acting in the role since February 2010. Before becoming CEO, Mr. Grice served as Chief Financial Officer (CFO) at STC since 1998. Previous to his joining the Company, Mr. Grice held roles with Crown Investments Corporation of Saskatchewan (CIC), Saskatchewan Department of Finance and KPMG Peat Marwick Thorne. Mr. Grice graduated with a Bachelor of Commerce (Great Distinction) from the University of Saskatchewan, holds a Chartered Professional Accountant (CPA, CA) designation from the Canadian Institute of Chartered Accountants (CICA), obtained the Chartered Director (C.Dir.) designation in 2013 from The Directors College (a joint venture of McMaster University and The Conference Board of Canada) and has also completed the CICA In-depth Taxation Program. He was a board member and past Finance Chair with the Regina Downtown Business Improvement District and a board member with the Canadian Bus Association.

Candace Caswell *Executive Director Strategic Planning and Communications*
Candace Caswell joined STC in December 2012. Prior to that, Mrs. Caswell was employed at Tourism Saskatchewan from 2006 to 2012 as the Director of Marketing, the Vice President and the Acting President and CEO. She has also held roles with Saskatchewan Trade and Export Partnership, Saskatchewan Chamber of Commerce and Trimension Consulting Group. Mrs. Caswell graduated with a Bachelor of Commerce (Honours and Distinction) from the University of Saskatchewan, holds a Certified International Trade Professional (CITP) designation and is a graduate of the Palladium Kaplan-Norton Balanced Scorecard Certification Program.

Dawn Anaquod *Executive Director Human Resources and Payroll*
Dawn Anaquod joined STC in January 2017 on a secondment as the Executive Director, Human Resources and Payroll. Prior to joining STC, Ms. Anaquod held Human Resource and Operation positions for both private and public sectors across Canada, including leadership roles at SaskPower and Canada Post. Ms. Anaquod holds a Master of Human Resource Management from the University of Regina, a Bachelor of Business Administration from Acadia University and the Chartered Professional in Human Resources designation. She also has extensive international travel experience.

Dean Madsen *Chief Operating Officer*
Dean Madsen began working with STC as an employee of the Weyburn Bus Depot in 1986. In May of 1988, Mr. Madsen joined STC as a Baggage and Express Agent in Regina. Since that time Mr. Madsen worked in various areas of the Company, moving into senior management positions and culminating in the position of Chief Operating Officer as of September 2013. Mr. Madsen holds a Master of Business Administration degree from the University of Regina and is currently a board member with the National Bus Traffic Association (NBTA). He was also a board member with the Canadian Bus Association.

Michelle Maystrowich *Chief Financial Officer*
Michelle Maystrowich joined STC in March 2016. Before joining STC, Ms. Maystrowich was the Chief Financial Officer with the Walker Group of Companies. Prior to that Ms. Maystrowich held roles with SaskEnergy Incorporated and Meyers Norris Penny LLP. Ms. Maystrowich holds a Bachelor of Commerce (Distinction) from the University of Saskatchewan as well as a Chartered Professional Accountant (CPA, CA) designation.

Brian Roulston *Executive Director Corporate Systems and Technology*
Brian Roulston was appointed Executive Director, Corporate Systems and Technology in February 2013. Prior to that, Mr. Roulston worked as STC's Manager of Corporate Information Technology from 2004 to 2013, and Technical Analyst from 2002 to 2004. He also held prior roles at Saskatchewan Environment and SaskTel. Mr. Roulston graduated with a Diploma in Computer Information Systems from the Saskatchewan Institute of Applied Science and Technology, and holds designations including Information Systems Professional (ISP) and Certified Information Systems Security Professional (CISSP).

YEAR AT A GLANCE

April 1, 2016 to March 31, 2017

Where appropriate, the comparative results for both the 15-month period ending March 31, 2016 and the 12-month period ending March 31, 2016 are shown for comparison.

- Established in 1946
- Head office located in Regina
- Travelled just over 2.8 million scheduled miles (4.5 million kilometres) serving 253 Saskatchewan communities
- Had 175 agents operating in Saskatchewan
- Overall ridership of 185,678 passengers (2015-16: 12-month 190,189; 15-month 244,785)
- Passenger satisfaction rating of 95 per cent (2015-16: 93 per cent)
- Parcel express customer satisfaction rating of 95 per cent (2015-16: 95 per cent)
- Owned and operated passenger and parcel express terminals in Regina, Saskatoon and Prince Albert
- Operated a maintenance facility in Saskatoon and one in Regina
- Employed a fleet of 41 coaches, 44 per cent were wheelchair-accessible, varying in size from 22 seats to 51 seats, as well as a freight truck and 25 freight trailers
- $14.9 million of revenues (2015-16: 12-month $14.9 million; 15-month $18.5 million)
- $49.1 million of operating expenses (2015-16: 12-month $27.9 million; 15-month $35.2 million)
- $1.4 million of capital expenditures (2015-16: 12-month $3.2 million; 15-month $3.8 million)
- $25.4 million of assets (2015-16: $39.6 million)
- Operating subsidy of $12.4 million for the 12-month period ending March 31, 2017
- A capital grant of $1.2 million was provided for the 12-month period ending March 31, 2017
- Actively employed 214 people; approximately 82 per cent of STC's workforce were unionized (175 out of 214 as of March 31, 2017)
- The Amalgamated Transit Union Local 1374 represents the in-scope employees
- $13.1 million of payroll for the 12-month period ending March 31, 2017 (2015-16: 12-month $13.2 million; 15-month 2015-16: $17.2 million)

ROUTE MAP

As of March 31, 2017

La Loche
Turner Lake Jct.
Buffalo Narrows
Ile-à-la-Crosse
Beauval
Green Lake
Meadow Lake
Loon Lake
St. Walburg
Spruce Lake
Turtleford
Mervin
Edam
Vawn
Meota
Glaslyn
Meadowbrook Corner
Cochin
Lloydminster
Marshall
Lashburn
Maidstone
North Battleford
Denholm
Big River
Debden
Christopher Lake
Canwood
Waskesiu Lake
La Ronge
Beauval Lake Jct.
Weyakwin
Montreal Lake
Sandy Bay
Pelican Narrows
Jct. 106 & 135
Creighton
Northern Lights Lodge
Deschambeault Lake Resort
Mile 62 Hanson Lake Road
Caribou Creek
Candle Lake
Northside
Spruce Home
Meath Park
Weirdale
Paddockwood
Shipman
Smeaton
Snowden Jct.
Choiceland
Garrick
Love
White Fox
Nipawin
Codette
Carrot River
Arborfield
Zenon Park
Prince Albert
Shellbrook
Parkside
Leask
Marcelin
Blaine Lake
Duck Lake
MacDowall Jct.
Muskoday
Birch Hills
Weldon
Kinistino
Garry
Melfort
Star City
Greenil
Yellow Creek
Waldheim
Rosthern
Wakaw
Cudworth
Alvena
Hague
Osler
Hepburn
Radisson
Langham
Martensville
Saskatoon
Jct. 2 & 5
Asquith
Vanscoy
Delisle
Dundurn
Young
Meadow Beach
Watrous
Hanley
Kenaston
Bladworth
Davidson
Girvin
Craik
Aylesbury
Chamberlain
Findlater
Lumsden
Central Butte
Tuxford
Bethune
Regina Beach Jct.
Bela Palma
Pierce
Moose Jaw
Regina
Swift Current
Herbert
Chaplin
Caronport
Wymark
Hodgeville
Gravelbourg
Vantage
Congress
Assiniboia
Limerick
Lafleche
Scout Lake
Lisieux
Rockglen
Fife Lake
Coronach
Maple Creek
Tompkins
Fox Valley
Gull Lake
Shaunavon
Eastend
Consul
Frontier
Climax
Whitlash
Val Marie
Kincaid
Cadillac
Pontiax
Admiral
Hazenmore
Mankota
McCord
Glentworth
Stewart Valley
Demaine
Broderick
Outlook
Elrose
Macrorie
Birsay
Lucky Lake
Kyle
Success
Waldeck
Ruth Lake
Morse
Swanson
Dinsmore
Conquest
Midlea
Rosetown
Zealandia
Harris
Lacadena
Kindersley
Netherhill
Brock Jct.
Dalroy
Pelly
McCraney
Plenticombe
Macrorie Jct.
Alsask
Wymark
Leader
Sceptre
Lancer
Cabri
Pennant
Richmond
Burstall
Wendburn
Perdue
Biggar
Landis
Wilkie
Unity
Macklin
Provost
Denzil
Salvador
Lloydminster
Kerrobert
Coleville
Radisson
Radisell
Maymont
Borden
Flaxcombe
Langham
Osler
Hoodoo
Hague
Alvena
Rosthern
Waldheim
Hepburn
Martensville
Warman
Dalmeny
Saskatoon
St. Denis
Jct. 2 & 5
Asquith
Vanscoy
Delisle
Perdue
Biggar
Landis
Wilkie
Unity
Macklin
Provost
Denzil
Salvador
Lloydminster
Kerrobert
Coleville

STC
The Bus Company